Traditional Religion and Entrepreneurship: Evidence from China

Jiong Zhu[†] Per G. Fredriksson[‡] Gunes Gokmen[≠]

July 18, 2026

Abstract

We study the role of traditional folk religion in the origins of private entrepreneurship in China. Our focus is the historical and contemporary influence of a prominent Chinese Wealth God, Wutong. We leverage the facts that (i) in traditional Chinese folklore, the Wealth God was believed to govern the distribution of wealth, and (ii) a policy reform in 1895 eased restrictions on private enterprise establishment in China. To capture local variation in a deeply rooted culture of wealth worship, we construct a unique dataset on temples devoted to the Wealth God. Combining an instrumental variable approach with a difference-in-differences framework, we find that the 1895 liberalization reform led to a greater number of new private enterprises in prefectures with a Wealth God culture. This influence persisted over time: Wealth God culture continues to affect the contemporary incidence of newly registered businesses, as well as individual occupational choices of entrepreneurship and self-employment. Mechanism analyses suggest that the Wealth God culture fostered more favorable attitudes toward risk-taking, entrepreneurship, money, and wealth accumulation, and contributed to a broader cultural environment that more positively values money and wealth, as reflected in children's naming patterns. It also appears to have facilitated informal dispute resolution, with fewer business partnership and contract disputes in areas with a Wealth God culture. Overall, the results suggest that cultural beliefs can shape entrepreneurial responses to reform and help explain regional differences in economic development.

Keywords: Entrepreneurship; traditional religion; culture; superstition; folklore; Wealth God; persistence; China; new enterprises.
JEL classifications: L26; Z10; Z12

Acknowledgments: We thank David Audretsch, Angeliki Kourelis, Victor Martin-Sanchez, Jennifer Mason, Annika Reitenga, Le Wang and seminar and conference participants at the KEA meetings in Frankfort, the Public Choice and SRSA conferences in Louisville, the ASREC conference in Thessaloniki, the World Economic History Congress and the Workshop on Culture, Institutions and Development in Lund, the University of Louisville, Lund University, University of Luxembourg, and University of Alicante for their helpful feedback. Generous financial support from the National Nature Science of China (NSFC) (No. 72573143; 72103174), and the Yongyou Foundation's "The Great Wall of Business" general project (No. 2020-Y05) are gratefully acknowledged. The authors thank Yaqi Wang and Yuxin Zheng for excellent research assistance. Fredriksson worked on this paper while visiting Lund University, and he is grateful for the hospitality. The usual disclaimers apply.

[†]Department of Agricultural and Development Economics, Peking University, China. Email: zhujiong@pku.edu.cn.
[‡] Department of Economics, University of Louisville, USA. Email: per.fredriksson@louisville.edu.
[≠] Department of Economics, Lund University, Sweden. Email: gunes.gokmen@nek.lu.se.

"*Entrepreneurs Feel Closer to God Than the Rest of Us Do.*"
Mitchell J. Neubert, *Harvard Business Review* (2013)

1. Introduction

Entrepreneurs play a pivotal role in driving economic growth by creating new businesses, products, and services, paving the way for innovation and job creation.[1] Yet, entrepreneurship is highly uneven across space: some regions consistently generate new businesses, while others with seemingly similar economic opportunities do not. While standard explanations based on risk tolerance, human capital, and access to capital account for part of this variation (Van der Sluis et al., 2008; Hartog et al., 2010; Berglann et al., 2011), differences in local beliefs, norms, and values may also shape patterns of entrepreneurial activity.

One potentially important but less understood source of influence on entrepreneurship is religion (Block et al., 2020; Smith et al., 2021). Religion may influence entrepreneurship by shaping preferences and norms over risk, profit, uncertainty, and the moral legitimacy of wealth accumulation, as well as by encouraging or discouraging certain types of behavior (Henley, 2022; Becker et al., 2024). However, the direction of this relationship is ambiguous. Religious beliefs may encourage enterprise by promoting integrity and work ethic, but they may also discourage risk-taking, profit-seeking or material ambition. Ultimately, despite the importance of religion in many individuals' lives,[2] credible evidence on its causal role in entrepreneurial choice remains limited.

Existing work faces three main limitations. First, most studies primarily focus on major established religions of the Western world, such as Protestantism and Catholicism, whereas traditional folk religions have received little attention and are often treated as economically irrelevant.[3] Second, although some recent entrepreneurship scholarship considers the potential influence of non-Western religions, identifying a quantitative causal effect remains elusive (Henley, 2022).[4] Third, little is known about whether religious beliefs shape the effectiveness

[1] See, Romer (1990), Davis and Haltiwanger (1992), Haltiwanger et al. (2013), Glaeser et al. (2015), Guzman and Stern (2020), and Schumpeter and Swedberg (2021).

[2] Religion remains prevalent across the globe, with more than 80% of the world's population claiming some form of religious adherence (Pew Research Center, 2012).

[3] See, e.g., Weber (1905), Becker and Woessmann (2009), Arrunada (2010), Basten and Betz (2013), Bai and Kung (2015), Cantoni (2015), Nunziata and Rocco (2016), Andersen et al. (2017), and Bryan et al. (2021).

[4] See Dodd and Gotsis (2007), Audretsch et al. (2013), Balog et al. (2014), Zelekha et al. (2014), Jiang et al. (2015), Block et al. (2020), Smith et al. (2021), and Henley (2022).

of economic policy. If local beliefs influence how individuals respond to new opportunities, then the same reform may generate different effects across otherwise similar regions. This paper addresses these limitations by studying a traditional folk religion and exploiting a historical liberalization reform combined with quasi-natural variation to identify its causal effect on entrepreneurship.

Specifically, we focus on the role of the worship of a traditional Chinese folk religion -the Wutong, God of Wealth (hereafter, the Wealth God). In China, folk religion worship is significant, with an estimated 230 million mainland Chinese worshipers of the Wealth God as of 2007 (Yang and Hu, 2012).[5] We investigate whether the worship of the Wealth God helps explain the historical emergence and the contemporary persistence of private entrepreneurship in China. Beginning over a millennium ago, the Wealth God emerged as a prominent cult figure in the Jiangnan Province of China, revered as the deity governing the distribution of wealth and prosperity. In popular belief, the Wealth God was closely associated with both the acquisition and loss of fortune. From the 16th century onward, he came to be especially regarded as the bestower of prosperity to the devout. During the late Ming dynasty (1368-1644), the Wealth God cult exerted significant influence on religious practices focused on accumulating and preserving wealth (von Glahn, 1991, 2004a).[6] Thus, our setting is well suited for examining whether traditional religious beliefs can shape entrepreneurial behavior.

The Wealth God may have influenced entrepreneurial behavior in several ways. First, by shaping the risk perceptions of worshipers, the Wealth God played a role in a key aspect of entrepreneurship. Since entrepreneurship inherently involves taking risks (Vereshchagina and Hopenhayn, 2009), a reduction in perceived risk can encourage individuals to pursue new ventures with uncertain outcomes. Second, the Wealth God was believed to help resolve conflicts among business partners, thereby supporting commercial relationships in the absence of formal contracts (von Glahn, 1991, 2004a). In this sense, the belief functioned as a form of informal contract enforcement, lowering transaction costs and increasing the likelihood of successful business exchange. Lastly, the cult promoted values such as hard work, thriftiness,

[5] More generally, China was home to a majority (72.7%) of the world's adherents of folk religions in 2010, with an estimated 294 million believers or 21.9% of China's population (Pew Research Center, 2015). The same year, the total number of followers of folk religions worldwide numbered 404.7 million and they are projected to reach 451.9 million in 2040.

[6] The colloquial name later became Wulu caishen -the Gods of the Five Paths to Wealth (von Glahn, 1991, 2004a). For consistency, we use the names Wutong or Wealth God in the remainder of the paper except where noted.

modesty, and integrity -virtues that support wealth creation through talent and determination (von Glahn, 1991, 2004a).[7]

To examine the influence of the Wealth God on the roots of entrepreneurship in China, we compile a novel dataset using several historical sources. Drawing from prefecture-level gazetteers, we digitize data on temples dedicated to the Wealth God.[8] To capture the underlying Wealth God culture within a given prefecture, we use the historical presence of temples devoted to the Wealth God, where locals and pilgrims prayed and made offerings (Berezkin and Goossaert, 2020).

We start our analysis by examining the emergence of private entrepreneurship in China during the late Qing Dynasty between 1880 and 1899. A pivotal moment in this period was the 1895 *Treaty of Shimonoseki*, which marked a significant policy reversal. Prior to 1895, aspiring entrepreneurs faced strict limitations on starting new businesses. However, China's unexpected defeat in the 1894-1895 *Sino-Japanese War* -a conflict initiated by Japan, whom China had not previously viewed as a serious threat- led to substantial changes. As part of the treaty, China was compelled to allow Japanese firms to engage in manufacturing inside China. This, in turn, enabled Western firms to also begin production in China due to most-favored-nation treaties with Western countries (Goetzmann and Köll, 2005; Rowe, 2009). These developments made it untenable for the Chinese government to continue to restrict domestic entrepreneurship, prompting the government to implement a reform in 1895 that permitted Chinese entrepreneurs to establish private companies without industry-specific restrictions. Therefore, the historical record suggests that the timing of the reform was as good as random.

In our empirical design, we combine the time variation before and after the 1895 reform with a source of cross-sectional variation stemming from differences in the prominence of the Wealth God culture across prefectures. To capture the plausibly exogenous variation in cultural attitudes towards entrepreneurship, we use the distance to Wuyuan County -the birthplace of the Wutong Wealth God- as an instrument to predict the likelihood of adoption of the Wealth God culture across space.[9] Thus, our identification strategy leverages the interaction of two sources of variation. Identification relies on two main assumptions: parallel trends and the

[7] Financial returns may not always the primary driver for starting a business (Katz, 1992; Amit et al., 2001). Instead, religious and moral obligations and duty can often serve as powerful motivators (Porras et al., 2007).

[8] These gazetteers, which are encyclopedic records, were published from the Song dynasty through to the end of the Qing dynasty and provide data for the period spanning 960 to 1910.

[9] This approach is based on the idea of concentric diffusion from the origin, following Becker and Woessmann (2009) and Cantoni (2015) who use distance to Wittenberg as an instrument for the spread of Protestantism.

exogeneity of the instrument. We provide several pieces of evidence supporting these assumptions through a range of placebo tests and robustness checks. For example, our event-study analysis reveals no evidence of differential pre-trends prior to the liberalization reform. We further demonstrate that the instrument is orthogonal to a broad set of pre-reform socio-economic characteristics, including measures of human capital, business attractiveness, population density, and urbanization patterns.

Employing data on the number of newly established private enterprises between 1880 and 1899 (Du, 2014) and combining a difference-in-differences framework with an instrumental variable (IV) approach, we analyze the impact of Wealth God worship on the number of newly registered firms before and after the 1895 reform. Our findings suggest that, following the 1895 reform which liberalized firm creation, prefectures with a Wealth God culture experienced a significantly higher increase in registered new firms per capita compared to areas without such a cultural influence. Our IV estimates suggest that a one standard deviation increase in the likelihood of Wealth God culture led to a 0.4 standard deviation rise in entrepreneurial activity following the 1895 reform.

We conduct a battery of robustness checks to assess the sensitivity of our results. Using capital per capita as an alternative measure of entrepreneurial activity confirms the findings. We employ a triple diff-in-diff approach using foreign enterprises to further isolate the impact of unobservable factors and show that the common unobservable factors of entrepreneurship do not drive the effect of the Wealth God. The results are also robust to taking into account additional geographic factors, including rice cultivation, and socio-economic factors, such as human capital, business attractiveness, population density, urbanization, and difficulty in raising taxes and the existence of tax collection stations (both as proxies for tax enforcement and institutional capacity). We additionally account for other religions and less known deities. The robustness analysis suggests that the results are neither driven by other religious figures nor by the capacity of a certain prefecture to build temples. Moreover, the results are not sensitive to alternative sample restrictions or Wealth God measures. We also show that the results are not driven by state-owned or foreign enterprises. Furthermore, we demonstrate that the findings are not an artefact of spatial correlation. Finally, we also perform in-time and in-space placebo exercises, confirming the baseline results.

Additionally, we examine heterogeneity in the effect of the Wealth God on historical entrepreneurship by socio-economic conditions and industry. We find stronger effects on new enterprise creation in areas with higher urbanization, greater population density, faster population growth, and more central positions in transportation and communication networks.

Moreover, the positive effect extends across a broad range of industries, rather than being concentrated in a small number of sectors.

Next, we investigate the lasting influence of historical religious worship on contemporary entrepreneurship. For this analysis, we first utilize information on newly established enterprises from China's business registration enterprise database during the years 2000-2019 (Mengzi Ruihong Technology Co., 2022). We also provide individual-level survey evidence from 2005 on the incidence of entrepreneurship and self-employment.[10] Employing an IV strategy, with distance to Wuyuan County as an instrument, we show that the Wealth God culture has persistent effects on modern entrepreneurship in China. Between 2000 and 2019, prefectures with temples dedicated to the Wealth God have significantly higher numbers of new registered firms per capita. These results remain robust after adjusting for migration across prefectures and are not driven by spatial spillovers or other cultural traits. Moreover, individual-level survey data confirm that regions influenced by the Wealth God culture have a greater rate of entrepreneurship and self-employment. For instance, individuals originating from prefectures with a Wealth God culture are 19 percent more likely to enter self-employment. Thus, despite events such as the implementation of socialism and the ban on entrepreneurship from 1949 to 1978, the influence of the Wealth God culture has endured. Our findings support the notion that the culture of Wealth God worship matters for both historical and contemporary entrepreneurship in China.

Additionally, we evaluate three sets of mechanisms that may help explain the positive relationship between the Wealth God culture and entrepreneurship. First, entrepreneurship is inherently risky, and individuals in more risk-averse cultures are less likely to become entrepreneurs (Parker, 2004; McMullen and Shepard, 2006; Caliendo et al., 2009; Elston and Audretsch, 2011). However, religious beliefs and practices may shape how potential entrepreneurs perceive and respond to such risks (Drakopoulou Dodd and Gotsis, 2007). In this context, worship of and offerings to the Wealth God may have reduced perceived risks and, hence, fostered greater willingness to take risks, thereby contributing to higher rates of entrepreneurship (see also Dougherty et al., 2019). Consistent with this mechanism, we show, using individual-level contemporary survey data, that respondents living in provinces with a Wealth God culture are significantly more likely to allocate available funds to risky investment opportunities.

[10] The survey data come from the 2005 China Census on self-employment and the Chinese General Social Survey 2005 (CGSS 2005).

Second, Wealth God culture may encourage entrepreneurship by shaping attitudes, values, and social norms. Prior research shows that entrepreneurship is influenced by the extent to which societies accept entrepreneurs, transmit supportive beliefs and norms, and create cultural environments in which entrepreneurial activity is encouraged (Busenitz et al., 2000; Martí, 2008; Dana, 2009, 2010; Bruton et al., 2010; Carsrud and Brännback, 2011; Audretsch et al., 2013; Dougherty et al., 2019; Rietveld and Hoogendoorn, 2022). Wealth God culture may operate through this channel by fostering shared beliefs, cognitive frames, and attitudes that make entrepreneurship and wealth accumulation more socially legitimate (Scott, 2007). The more than thousand-year-old tradition of Wealth God worship includes moral obligations related to entrepreneurship, as well as beliefs that the Wealth God can help bring favorable business outcomes (von Glahn, 1991, 2004a). Such beliefs may create a social environment that strengthens motivation for entrepreneurial activity. We provide contemporary individual-level evidence consistent with this mechanism: respondents from areas with a Wealth God culture report more positive attitudes toward entrepreneurship, making money, and wealth creation. For example, individuals from areas with a Wealth God culture are 76 percent more likely to believe that wealth reflects individual achievement and success. Moreover, using a name-based exercise to capture the salience of wealth-oriented culture, we find that individuals living in areas with stronger Wealth God culture are more likely to have names pronounced similarly to the Chinese words for "money" or "wealth." Taken together, the evidence suggests that Wealth God culture is associated with a cultural environment that views entrepreneurship more favorably and places greater symbolic value on money and wealth accumulation.

Third, the Wealth God was also thought to aid in resolving disputes among business partners, thereby supporting ongoing commercial relationships and enhancing the likelihood of successful exchange (von Glahn, 1991, 2004a). If this informal mechanism of conflict resolution was indeed at work, regions with a stronger Wealth God culture would be expected to exhibit fewer contract disputes. In line with this mechanism, we provide evidence that prefectures with a Wealth God culture have fewer business partnership disputes and contract disputes.

Contribution to the Literature. This paper makes several key contributions to the literature. First, it contributes to research on entrepreneurship, particularly work at the intersection of religion and entrepreneurial activity. Although this literature has grown in recent years (e.g., Drakopoulou Dodd and Gotsis, 2007; Zelekha et al., 2014; Block et al., 2020), significant gaps remain (Balog et al., 2014; Iyer, 2016; Smith et al., 2021). Existing evidence

is mixed, with some studies finding no clear relationship between religion and entrepreneurial activity (Drakopoulou Dodd and Seaman, 1998; Nair and Pandey, 2006) and others documenting a positive association (Carswell and Rolland, 2004; Dana, 2009; Balog et al., 2014; Zelekha et al., 2014; Deller et al., 2018). Importantly, prior work has focused largely on major established religions and has often relied on conceptual or qualitative approaches, lacking robust causal evidence (Block et al., 2020; Henley, 2022). We address these gaps in the literature by providing rigorous micro-level evidence -both historical and contemporary- on the causal impact of a non-Western folk religion on entrepreneurship at both the firm and individual levels.

Second, this paper contributes to the growing literature on how religion and culture shape economic outcomes. Since Weber's (1905) classic argument linking Protestant ethics to capitalist development, a large body of research has examined the long-term economic consequences of Protestantism and other religious traditions. However, this literature has focused largely on major world religions, such as Protestantism, Catholicism, and Islam,[11] while the economic influence of traditional folk religions has been largely overlooked. By studying Wealth God culture, we show that a non-Western folk religion can shape economic attitudes and entrepreneurial activity, suggesting that folk religion traditions may have broader economic significance than previously recognized.

A limited number of studies in economics have explored the influence of African traditional religions and supernatural beliefs on various outcomes (Gershman, 2015, 2016; Nunn and Sanchez de la Sierra, 2017; Alidou and Verpoorten, 2019; Butinda et al., 2023; Le Rossignol et al., 2025). We extend this literature by focusing on China, which is home to the majority of the world's adherents to traditional folk religions, with almost 300 million believers (Pew Research Center, 2015). Our focus on the Wealth God is particularly relevant because this deity is closely associated with wealth, business, and entrepreneurship. Moreover, since wealth-related deities are worshipped by sizable communities around the world (Jackson, 1999; Martí, 2008; Dougherty et al., 2019), our findings speak to broader questions about how folk religion traditions shape economic behavior beyond the Chinese context.

Third, this paper adds to a small literature studying how policy reforms interact with local cultural contexts (see, for example, Ashraf et al. (2020) and Bau (2021)). We contribute by

[11] See, e.g., Barro and McCleary (2003), Becker and Woessmann (2009), Arrunada (2010), Basten and Betz (2013), Bai and Kung (2015), Campante and Yanagizawa-Drott (2015), Cantoni (2015), Nunziata and Rocco (2016), Andersen et al. (2017), Waldinger (2017), Kuran (2018), Valencia Caicedo (2019), Bazzi et al. (2020), Bryan et al. (2021), Montero and Yang (2022) and Schulz (2022). See, also, Becker et al. (2024) for a review.

showing that the effects of firm-entry liberalization depend on pre-existing religious practices: regions with a stronger Wealth God culture benefited disproportionately from reforms that lowered barriers to entrepreneurship and investment. This finding has broader policy relevance. Uniform reforms may produce unequal regional gains when they interact with pre-existing cultural beliefs and norms. Policymakers should therefore take cultural heterogeneity into account when designing reforms. Doing so may both improve policy effectiveness across regions and help prevent such reforms from unintentionally widening regional inequalities. More broadly, our findings suggest that a better understanding of local cultural attributes can improve policy design and implementation (World Bank, 2015; Lowes and Montero, 2021).

Lastly, our findings contribute to the literature on the spatial clustering and persistence of entrepreneurship in China.[12] The role of traditional religious beliefs and folk religious practices has received limited attention in analyses of economic activity and growth in China.[13] We address this gap by showing that Wealth God culture helps explain the historical development and geographic concentration of entrepreneurship. We also contribute empirically in three ways: i. by examining the role of heterogenous pre-existing socio-economic conditions in the late nineteenth century -including human capital, urbanization, population density, growth rate, and transportation infrastructure- for entrepreneurship; ii. by introducing a name-based measure of local money- and wealth-oriented cultures; and iii. by constructing a novel dataset on Wealth God temples across China using prefecture-level gazetteers compiled between 1644 and 1895.

The remainder of this paper is structured as follows: Section 2 provides historical and institutional background. Section 3 describes the data. Section 4 outlines the empirical approach. Section 5 presents our main results on the roots of historical entrepreneurship. Section 6 presents contemporary results. Section 7 provides some evidence in support of potential mechanisms. Section 8 concludes.

[12] See, e.g., Ahlstrom and Wang (2010), Bai and Kung (2015), Jiang et al. (2015), Zheng and Zhao (2017), Opper and Andersson (2019), Zhu et al. (2019a), Zhu et al., (2019b), Zhang (2020), Chen et al. (2022), Cai and Zhu (2024).

[13] Xue (2026) is an interesting exception exploring correlations between economic development and Chinese folktales.

2. Background

2.1 *The Wutong Wealth God*

Wutong, the Chinese god of prosperity and wealth, has been worshipped for over a millennium in Chinese indigenous folk religions. The origins of the cult of the Wutong Wealth God can be traced back to the Tang dynasty (618-907 AD) in Wuyuan County, Jiangnan Province (von Glahn, 1991). Tales from the town of Dexing tell of the Wealth God guiding a local to the area's silver deposits in 651, leading the Dexing natives to attribute their economic prosperity to the Wealth God's divine aid (von Glahn, 1991). The earliest surviving written record that mentions the Wutong Wealth God dates back to 1034. This coincides with the reign of the Song dynasty (960-1279), under which the Wealth God was imperially sanctioned. Temples dedicated to the Wealth God flourished in Jiangnan from the 10th century onwards. By the end of the Song dynasty, the Wealth God had become one of the most widespread and revered gods in southern China, boasting numerous dedicated temples. Yet, it was during the late Ming dynasty (1368-1644) that the Wealth God reached its zenith and became a dominant figure as a god governing the distribution of wealth (von Glahn, 1991). By the early 16th century, shrines dedicated to the Wealth God had become a common sight in courtyards, showcasing the immense popularity and followership of the deity. Over the centuries, even though the cult of the Wealth God experienced fluctuations in worship due to attempts of state suppression, these efforts proved futile in deterring people's devotion, as the Wealth God swiftly regained popularity, garnering widespread followership.

In popular consciousness, the Wealth God was primarily associated with the acquisition or loss of wealth, although it also had more sinister features (von Glahn, 1991). Starting from the 16th century, the Wealth God came to be regarded as the bestower of prosperity onto the pious. An illustrative example comes from Lu (1510s) which features a collection of stories about the Wealth God, with at least five of them centered around the bestowal of wealth and richness (von Glahn, 1991). Especially during the late Ming period, the significance of money and wealth grew in Jiangnan, the commercial center of China at the time. For instance, worshipers from various backgrounds, seeking to enhance their prosperity and affluence, would make offerings and sacrifices to the Wealth God during the New Year festivities. A follower might pray and make a sacrifice to the Wealth God, hoping to increase her likelihood of a "bountiful harvest" or a "profitable market." This is in line with the anthropological literature suggesting that, in many traditional, preliterate societies, people often do not differentiate clearly between chance, luck, and fate. Instead, they tend to perceive all significant events as being shaped by

knowable and influenceable forces, such as luck, witchcraft, or karma (Hong, 2024). This suggests that people considered chance-based events as nonrandom and influenceable via supernatural means.

Merchants in particular sought divine assistance to reduce risks to their ventures and multiply the return on their capital. They also prayed for debt and conflict resolution in their business dealings among partners (von Glahn, 1991). A gazetteer reported, "Gold's decrees rule heaven, while the god Money looms over earth" (von Glahn, 1991; p. 651), highlighting the pervasive influence of wealth and its connection to the divine. In a religious text from 1824, *The Precious Scroll of the God of Wealth*, as described by von Glahn (1991; p. 708-09), the Wealth God is depicted to grant a childless couple five sons who later attain great wealth through their commercial endeavors, exemplifying the deity's role in bestowing financial prosperity.

In Jiangnan, the Wutong Wealth God later underwent a transformation and became widely known as Wulu caishen, the Gods of the Five Paths to Wealth (von Glahn, 1991, 2004a).[14] Followers of this belief system were encouraged to embrace hard work and embody virtues such as thriftiness, modesty, and integrity, which are catalysts for wealth creation through individual talent and determination. Moreover, a growing merchant class, aiming to foster a sense of solidarity and collective prosperity via religious rituals, created trade guilds, philanthropic institutions, and worshipping societies (von Glahn, 1991; Chan, 2010). Merchants and shopkeepers distanced themselves from the diabolical aspects of Wutong and embraced the view that legitimized the pursuit of prosperity. Religious teachings evolved to incorporate market-oriented language such as accumulation, savings, debt, and management, illustrating moral principles centered around the accumulation and preservation of "moral" capital (Berling, 1985).

In sum, the above narrative highlights several mechanisms that demonstrate how the veneration of the Wealth God could contribute to economic activity and business growth. First, faced with uncertainty and risk, followers would pray and make sacrifices to the Wealth God, seeking blessings for their business endeavors. Through their devotion and offerings, they would to a greater degree believe in the success of their enterprises with lower perceived risks, thereby increasing their willingness to take risks and motivation to engage in business activities. Second, followers would also turn to the Wealth God for assistance in resolving debts, either by obtaining timely repayment or meeting their own financial obligations (von Glahn, 1991,

[14] The Wutong God is also called Wuxian, or in some rare cases, Wulang or Wuchang.

2004a). The Wealth God was also believed to aid in conflict resolution among business partners (a crucial factor for commercial success), underpinning successful business transactions (von Glahn, 1991, 2004a). This aspect of worship carried elements of an informal enforcement mechanism for financial contracts. Lastly, the teachings of the cult emphasized the values of hard work, integrity, and thriftiness, all of which are qualities that enhance the likelihood of profitable entrepreneurship. Collectively, these aspects of the cult of the Wealth God -reduced perception of risk, fostering harmonious business relationships, hard work, integrity, and thrift- contributed to an environment conducive to economic activity, incentivizing believers to pursue new business ventures with confidence and integrity.

Finally, it is worth noting the persistence of the Wealth God culture, as traditional folk religions continue to hold significant importance in China even recently. For instance, in the 1940s, 289 out of 580 shrines in Jiashan County (in Jiangnan Province) were dedicated to the Wutong Wealth God (von Glahn, 2004b). Moreover, the county's shrines contained 1455 Wealth God icons, significantly more than any of the other deities. In the 20th century, thanksgiving rituals were devoted to the Wealth God, which were bestowed with food offerings (e.g. meat, fish, wine, etc.). Liturgies included songs dedicated to the Wealth God (von Glahn, 2004b). The 2010 Chinese Spiritual Life Survey by the Center on Religion and Chinese Society of Purdue University reveals that 754 million people still practice ancestor religions, and 173 million practice Chinese folk religions within a Taoist framework. Finally, anecdotes suggest that contemporary businesspeople appeal to the Wealth God for economic success. A testament to this is the practice of Chinese companies prominently displaying a statue of the Wealth God at their entrances to invoke good fortune (Berezkin and Goossaert, 2020).

2.2 *Deregulation of Enterprise Establishment in the Late Qing Dynasty*

During the late Qing dynasty before 1895, private enterprise establishment in China was tightly regulated by the imperial government. Private entrepreneurs were prohibited from starting independent enterprises and only state-controlled monopolies were allowed to establish manufacturing enterprises (Quan, 1991; Goetzmann and Köll, 2005; Rowe, 2009). However, a turning point arrived in 1895 when the imperial government of China deregulated the establishment of private enterprises due to two main reasons.

First, China was unexpectedly defeated in the first Sino-Japanese War (1894-1895) and was forced to sign the *Treaty of Shimonoseki* with Japan (Cai and Zhu, 2024). This defeat and the subsequent imposition of the treaty can be considered as good as random, because China did not view Japan as a significant threat due to Japan's long-standing status as a vassal state.

Additionally, China had not suffered a foreign war defeat for three decades prior to 1894, further contributing to its underestimation of Japan's military capabilities.

As part of the treaty, for the first time, China was required to formally allow Japanese and other foreigners to engage in business and establish factories on Chinese territory. As Japanese and Western companies (benefiting from most-favored-nation agreements in place before the war) began to set up factories in China, it became untenable for the government to prevent Chinese citizens from establishing their own enterprises (Goetzmann and Köll, 2005). This deregulation ultimately led to a sharp increase in the number of newly established firms.

Second, a significant factor that led to the deregulation of private enterprises in China in 1895 was the fall of Hongzhang Li. Li was a prominent statesman of the 19th century who held the position of governor-general of the capital province of Chihli (Zhili) for 25 years. During his tenure, Li established joint government-merchant enterprises (*guandu sahngban*), such as the China Merchants' Steamship Navigation Company, which enjoyed exceptional monopolistic privileges. However, Li fell from favor after China's defeat in the Sino-Japanese War (1894-95) and his monopolistic restrictions were removed, allowing the private sector to enter the industrial realm. Stimulated by contact with the West, modern commercial enterprises, Western-style financial institutions, and industries began to emerge (Coble, 1986). New opportunities for private entrepreneurs to establish their own enterprises led to a surge in the number of newly established Chinese-owned firms after 1895.

To illustrate the nation-wide intent of the 1895 deregulation reform, we gather data on Qing government policies related to businesses from the *Veritable Records of the Qing Emperors* (Qing Shilu), a collection of 13 volumes corresponding to each of the 13 emperors of the Qing Dynasty. This official record documents imperial edicts and significant national events, including policies issued by emperors and senior officials. Specifically, we examine records mentioning "zhaoshang" (attracting businesses). If the national deregulation campaign took place as intended, we would expect a rise in the number of "zhaoshang" records post-1895. Figure A1 supports this, with a noticeable spike in such records after 1895.

3. Data

3.1 *Data on Wutong Wealth God temples*

To measure our variable of interest, we construct a unique panel dataset on the prevalence of Wutong Wealth God temples using prefecture-level gazetteers. The tradition of publishing gazetteers in China dates back centuries and gazetteers hold a prominent role in historical China

as they are often considered to be comprehensive local encyclopedias, meticulously documenting various aspects of local economic, social, and cultural affairs. The gazetteers typically consist of multiple sections providing in-depth insights into a specific prefecture, including a general introduction to the traditions of the prefecture, geographical features, population dynamics, cultural changes, food and agricultural conditions, local dignitaries, significant events, and so forth.

We proxy the underlying Wealth God culture in each prefecture by the presence of temples devoted to the Wealth God, as these temples served as places of worship and pilgrimage (Berezkin and Goossaert, 2020). Information on the exact timing of the initial introduction of Wutong Wealth God temples in each prefecture is unavailable. Instead, we employ information from the prefecture-level gazetteers to create two alternative measures of Wealth God culture. First, we create a baseline indicator for the presence of Wealth God culture in a given prefecture. This indicator takes a value of one if, during the Qing dynasty until 1895, the prefecture's gazetteers mention at least one Wealth God temple located within that prefecture, and zero otherwise.[15] A quarter of the prefectures in our sample have at least one Wealth God temple (Table A1). Second, as a proxy for the intensity of a prefecture's Wealth God culture, we utilize a count of the total number of times Wealth God temples were referenced in the prefecture's gazetteers during the Qing dynasty until 1895. Figure 1 illustrates the distribution of the Wealth God culture across prefectures.

The prefecture-level gazetteers utilized in our study were sourced from two leading digitized historical databases: Erudition (Airusheng) and Wanfang. The Erudition Database of Chinese Local Gazetteers is a large-scale, full-text searchable repository dedicated to historical records. It encompasses 10 million pages and over 2 billion digitized characters. The Wanfang Database of Historical Local Gazetteers, which archives pre-1949 publications, contains approximately 103,000 volumes systematically categorized. This database features a robust navigation system, including geographic, regional, chronological, and thematic filters, alongside search result clustering and automated geographic localization.

After pooling the initial corpus of gazetteers from Erudition and Wanfang, we systematically identify and exclude duplicate texts. We then construct our final dataset by integrating text-searching techniques with meticulous manual review. In the first phase, we employ standardized text-searching methods to extract key passages related to "Wutong" from

[15] Several Chinese words mean "temple" in the gazetteers: *miao* (component "*guang*" and "*you*"), *miao* (component "*guang*" and "*chao*"), *dian*, *ci*, *lou*, *guan*, and *gong*.

the consolidated gazetteers. Subsequently, a team of researchers manually verified and refined the extracted data to ensure that the references unequivocally indicated Wutong God temples. Then, a second step of cross-validation was also carried out to guarantee data accuracy. This manual verification step was crucial, as algorithmic searches occasionally capture false positives where the characters "Wu" and "Tong" appear adjacently in the text but do not denote the Wutong God. Through these rigorous multi-round review procedures, we are able to compile a dataset documenting the spatial and temporal prevalence of the Wutong Wealth God throughout the Qing dynasty up until 1895.

Two concerns warrant attention. A potential concern with the gazetteers is that the records of Wealth God temples during previous dynasties may be different from those in the Qing dynasty. To alleviate this concern, we focus on a single dynasty and calculate the number of Wealth God temples recorded during the Qing dynasty from 1644 to 1895. Another concern might be that prefectures may have built temples during, e.g., the Ming Dynasty (1368 to 1644), but no related records exist in the gazetteers published during the Qing Dynasty. Given the encyclopedia nature of gazetteers containing all pertinent information, if there is no record of a temple in a prefecture for the entire duration of the Qing dynasty up until 1895, we code that prefecture as having no Wealth God culture.

3.2 *New Enterprises During the Late Qing Dynasty (1880-1899)*

Data on the number of enterprises established during the late Qing dynasty come from Du (2014), who provides a comprehensive archive dating from 1880 to 1899. This dataset contains detailed information at the enterprise-level on, e.g., enterprise location, year of establishment, registered value of capital, and the name(s) of the founder(s). Enterprises included in the dataset are those that: (a) either owned modern machinery powered by steam engines or electricity; or (b) had a registered value of capital exceeding 10,000 silver yuan. These enterprises operated across diverse industries, including textiles, flour production, cement manufacturing, and shipping. One limitation of Du's (2014) dataset is the lack of information on enterprise ownership type, i.e., private or public. To address this limitation, we supplement the dataset with information from the Business Official News (Shangwu Guanbao, 1904). Next, by leveraging the location information, we aggregate the data at the prefecture level to derive our key historical outcome variable: the number of newly established domestically owned private enterprises per capita, where population data from Cao (2001) for years 1880 and 1910 are used to normalize the number of enterprises by prefecture population. We use the average

natural population growth rate between 1880 and 1910 to calculate the annual prefecture population size between 1881 and 1899.

We conduct the empirical analysis at the prefecture (fu) level, given the location information of private enterprises. The panel dataset encompasses 262 prefectures across 18 provinces between 1880-1899. Figure A2 illustrates our sample of prefectures.

The dark regions in Figure A2 represent the sample areas for studies of late Qing China, covering the empire's "core" regions (e.g., Fairbank and Liu, 1980; Rowe, 2009). These areas, collectively known as China Proper or Native China, comprised 95% of the population in 1910, with 411 million people (Rowe, 2009). The lighter regions in Figure A2 indicate Outer China. Statistical records for Outer China are inconsistent and differ from those of China Proper, due to sharp cultural, geographical, and linguistic distinctions. For example, China Proper during the late Qing period was largely agricultural, whereas Outer China was more focused on herding (Li, 2019). Additionally, China Proper was closely linked to Chinese languages, while Outer China was not (Li, 2019). Furthermore, China Proper was rooted in traditional Chinese culture, mostly populated by Han Chinese, while Outer China, as a frontier region, saw a greater influx of foreign immigrants, such as Russians (Cao, 1997).

3.3 *Contemporary Outcomes*

In our analysis of the long-term persistence of the effects of the Wealth God, we employ contemporary business registrations as an outcome variable. These data come from China's business registration enterprise database, provided by Mengzi Ruihong Technology Co. (2022). The database provides detailed information on the universe of China's business registration records. We calculate newly established private enterprises per capita over the years 2000-2019, with close to 80 million enterprises. For each registered enterprise, we have detailed information on its location, year of establishment, ownership type, registered capital value, and industry sector. Based on the location information, we can identify the birthplace of each newly established enterprise and aggregate the total number of registered enterprises to the prefecture level. We also aggregate the initial capital of each enterprise within the prefecture and calculate the amount of capital per capita. Finally, this dataset also includes nearly 170 million individuals registered as self-employed. Table A1 provides summary statistics. All other covariates are described in the text below and in the data description Table A2.

4. Empirical Strategy

4.1 *Balance Test*

We start out by assessing the balance of baseline geographic characteristics between prefectures with and without a Wealth God culture, reported in columns (1) and (2) of Panel A of Table 1. We present mean comparisons for geographic characteristics of latitude, terrain ruggedness, precipitation, temperature, and coastal dummy. Column (3) tests for the conditional difference between the two groups, after partialling out province fixed effects. Province fixed effects account for all province level socio-economic and institutional factors. The findings indicate that while latitude is slightly higher in prefectures without the Wealth God, all other characteristics are similar between the two groups. We nevertheless control for these characteristics in our regressions.

Panel B of Table 1 evaluates the balance across indicators of pre-reform socio-economic conditions. It is essential to make sure that the socio-economic characteristics are balanced, as they are likely to be predictive of entrepreneurial activity. We approximate the level of human capital by the presence of new style schools (colleges), presence of overseas students, and the number of primary and middle schools. The general business environment is captured by the distance to the provincial capital, the presence of tax collection stations, dummies for transportation importance and business importance (based on the classification given to certain regions by the government), the difficulty faced by the local government to raise taxes, and a dummy for high crime rate. Difficulty in collecting taxes and the presence of tax collection stations additionally capture the strength of tax enforcement and, together with the high-crime indicator, proxy for the broader extent of institutional capacity. The level of development is measured by the urbanization rate, the urban population density, and an urban population growth dummy. Column (3) reports the conditional differences (conditioning on province fixed effects) across prefectures with and without Wealth God temples. The results indicate that only one of the socio-economic factors is significantly different across the two groups of prefectures with and without Wealth God cultures. The urbanization rate differs at the 10% level. However, the economic magnitude of the difference is marginal and we further control for all socio-economic factors in robustness analysis. Overall, Table 1 suggests that the sample is by and large balanced across the examined dimensions. Nevertheless, we employ an identification strategy using plausibly exogenous variation to come closer to a causal interpretation.

4.2 *Identification Strategy*

In Section 2.1 above, we outlined how the Wealth God culture originated from Wuyuan county during the Tang dynasty (618-907 AD) (von Glahn, 1991). At a later point in time, the Song dynasty court also officially recognized the county of Wuyuan as the proper home of this cult. Consequently, Wuyuan was the imperially endorsed home of the Wealth God. Therefore, the Wealth God culture was likely to more easily diffuse to prefectures in the vicinity of Wutong's birthplace in Wuyuan. Following Becker and Woessmann's (2009) approach on the spread of Protestantism, we argue that the concentric diffusion of the Wealth God culture around the county of Wuyuan provides us with exogenous cross-sectional variation in the likelihood that a prefecture adopted the Wealth God culture. Thus, we use distance to Wuyuan as an instrumental variable to predict the diffusion of the Wealth God culture.

Exogeneity of the Instrument. To check the exogeneity of the instrument, we assess whether our instrument (distance to Wuyuan) is orthogonal to prefectures' socio-economic conditions prior to 1895 (pre-reform). Accordingly, in Table 2, we regress each socio-economic indicator on distance to Wuyuan. Distance to Wuyuan does not significantly predict any of the socio-economic indicators, including the urbanization rate. Thus, our instrument is uncorrelated with some of the observable socio-economic factors that could violate the exclusion restriction.

Historical Analysis. Our instrument, distance to Wuyuan, provides us with exogenous variation among the cross-section of prefectures. Moreover, the 1895 liberalization reform enables us to rely on exogenous time variation to estimate the effect of the Wealth God on entrepreneurship in our panel dataset of prefectures for years 1880-1899. In sum, our estimation strategy is to combine an instrumental variable approach with a difference-in-differences framework that allows us to compare prefectures with and without the Wealth God culture before and after the reform.

In our baseline historical regressions, to evaluate the effect of the Wealth God on new enterprise births in the post-reform period, we estimate the following equation:

$$Enterprises\ per\ capita_{it} = \beta Wealth\ \widehat{God_i} \times Post_t + \left(\boldsymbol{X_i} \times \boldsymbol{f(t)}\right)' \boldsymbol{\rho} + \eta_i + \varphi_t + \varepsilon_{it}, \quad (1)$$

where i denotes prefectures and t denotes year. $Enterprises\ per\ capita_{it}$ is the inverse hyperbolic sine (IHS) function of the number of newly founded private enterprises per million people. $WealthGod_i$ is a measure of Wealth God culture. $Post_t$ is a post-reform indicator that takes a value of one for years 1895–1899, and zero for years 1880-1894. $Wealth\ \widehat{God_i} \times Post_t$

is instrumented with $Distance\ To\ Wuyuan_i \times Post_t$. $Distance\ To\ Wuyuan_i$ is the Euclidean distance (in km) to Wuyuan from each prefecture's centroid. $\boldsymbol{X_i}$ denotes baseline geographical characteristics, including latitude, terrain ruggedness, precipitation, temperature, and coastal location indicator. $\boldsymbol{f(t)}$ is a linear function of the time trend.[16] η_i and φ_t are prefecture and year fixed effects, respectively. ε_{it} is the error term clustered at the prefecture level.

Contemporary Analysis. To study the persistence of the effect of Wealth God culture on contemporary level of entrepreneurship (aggregated over years 2000-2019), we estimate the following equation:

$$Enterprises\ per\ capita_i = \beta \widehat{Wealth\ God}_i + \boldsymbol{X_i\rho} + \eta_{p(i)} + \varepsilon_i, \quad (2)$$

where $p(i)$ denotes provinces (prefecture i within province p). $Enterprises\ per\ capita_i$ is the log of enterprises per capita in a prefecture (there are no zeros in this outcome). $\widehat{Wealth\ God}_i$ is instrumented with $Distance\ To\ Wuyuan_i$. $\eta_{p(i)}$ is province fixed effects.

5. Results: Historical Entrepreneurship

5.1 *Baseline Historical Results*

This subsection presents the baseline effect of the Wealth God culture on entrepreneurship after the 1895 deregulation reform. Table 3 reports the coefficient estimates. Column (1) presents the OLS results. The coefficient estimate on $Wealth\ God_i \times Post_t$ is positive and statistically significant. This suggests that, after the deregulation in 1895, the presence of a Wealth God culture led to the establishment of a greater number of new private enterprises in China.

In columns (2)-(7), we turn to our IV strategy. The reduced form estimate provides consistent evidence in column (2), with a greater number of new enterprises in areas closer to the birthplace of the Wealth God in Wuyuan county. The first stage estimate in column (3) is consistent with the hypothesis that locations closer to Wuyuan county were more likely to adopt a Wealth God culture. The F-statistic in columns (4)-(7) is well above the rule-of-thumb of 10 and suggests that the instrument is valid.

The second stage results suggest that a Wealth God culture is associated with a greater number of new enterprises per capita following the reform. Column (5) is our baseline

[16] We also employ quadratic, cubic, and quartic polynomial functions of time trends, which do not lead to any meaningful changes.

specification with geographical controls (latitude, terrain ruggedness, precipitation, temperature, and coast dummy), interacted with a time dummy. The parameter estimate suggests that, following the reform, entrepreneurs in prefectures with the Wealth God culture, on average, established 30.08% (exp (0.263)-1=0.3008) more enterprises per capita compared to those without the Wealth God culture. A one standard deviation increase in the Wealth God culture implies a 0.41 standard deviation increase in the measure of new private enterprises per capita in the post-reform era. This magnitude is comparable to or greater than some of the effects of other religions reported in the literature. For example, the OLS estimate in column (1) and the IV estimate in column (5) are about 1.7 to 3.7 times greater than the effect of Protestantism on the establishment of modern enterprises in China (Bai and Kung, 2015). The larger effect may reflect the fact that the Wealth God culture is deeply-rooted in some areas of China, while Protestantism was only recently introduced.

Column (6) uses the intensity of Wealth God temples as an alternative variable of interest, while column (7) uses primitive capital per capita as an alternative outcome variable. Similar conclusions carry over.

Note that the IV estimate is double the size of the OLS estimate. This may be partly explained by the fact that some temples may not be exclusively devoted to one god such as the Wealth God. If temples include several gods, attrition bias may result, suggesting that OLS underestimates the true effect. Moreover, if multiple deities were worshipped in the same temple, we may erroneously assign a Wealth God culture to an area with a weaker culture. This stacks the odds against us finding a correlation between our Wealth God measure and entrepreneurship, and hence, biases the OLS estimates downwards. Our IV approach addresses this problem, as other gods did not originate from Wuyuan county.

5.2 *Parallel Trends Assumption*

One underlying assumption for an unbiased estimate of β in Equation (1) is that the trends for prefectures with and without the Wealth God culture are parallel prior to 1895. The solid dots in Figure 2 reflect the number of enterprises in prefectures with the Wealth God culture, while the hollow dots display the number of enterprises in prefectures without this culture. Casual observation suggests that these two types of prefectures diverged after 1895 but not prior to 1895.[17] However, we assess the parallel trends assumption also more rigorously with an event study design using the following equation:

[17] Although private enterprises were allowed before 1895 under certain circumstances, their establishment was constrained by strict authorization and required sponsorship from the Qing government and its agents

$$Enterprises\ per\ capita_{it} = \beta_t \sum_{t=1880, t\neq 1894}^{t=1899} Wealth\ \widehat{God_i} \times Year_t + (\boldsymbol{X_i} \times \boldsymbol{f(t)})' \boldsymbol{\rho} + \eta_i + \varphi_t + \varepsilon_{it}, \quad (3)$$

where $Year_t$ is an indicator for each year, with 1894 as the base year. The estimates corresponding to Equation (3) are shown in Figure 3.a (with details in column (1) of Table B1 in Appendix B). We present the time-specific estimates and the 95% confidence intervals (standard errors are clustered at the prefecture level). The results show no significant differences prior to 1895 between prefectures with and without Wealth God cultures. However, we observe an upward shift in the magnitude of the coefficients starting from 1895, with the estimates significantly different from zero in 1897 and 1899. Overall, this provides supporting evidence for the validity of our baseline estimates.

To further reinforce the credibility of the above parallel trend results, we remove any confounding trends in enterprise establishment by estimating the dynamic treatment effects in two steps. Specifically, we first estimate:

$$Enterprises\ per\ capita_{it} = Wealth\ \widehat{God_i} \times Year\ trend_t + (\boldsymbol{X_i} \times \boldsymbol{f(t)})' \boldsymbol{\rho} + \eta_i + \varphi_t + \varepsilon_{it}, \quad (4)$$

where $Year\ trend_t$ is the time trend. We then use the residuals obtained from estimating Equation (4) as an outcome variable to estimate a dynamic model (Figure 3.b and column (2) of Table B1). Alternatively, we add the interaction terms between the Wealth God culture and time trends to Equation (3) to explicitly control for differences in time trends between prefectures with and without the Wealth God culture. The corresponding estimates are presented in Figure 3.c and column (3) of Table B1. Finally, in Figure 3.d (column (4) of Table B1), we account for the stock of enterprises per capita by 1894 (the last year prior to the reform) interacted with a time trend to capture differential trends across prefectures with different levels of enterprise stocks. Overall, these exercises reassure us that there is no violation of the parallel trends assumption.

5.3 *Robustness: Historical Results*

In this section, we perform a battery of checks to test the robustness of our historical findings.

Using Foreign Enterprises to Isolate the Impact of Unobservable Factors. Despite our identification strategy (IV together with a diff-in-diff approach) and the robustness of our

(Rowe, 2009). This explains the positive but low number of enterprises established before 1895 shown in Figure 2.

baseline estimates across a range of observable characteristics, one may still be concerned about some unobservable confounders. For instance, if entrepreneurs from certain areas have an unobservable, deep-rooted propensity to establish businesses, and this trait influenced the development of a Wealth God culture, our results could be biased. Then, we would observe a correlation between the Wealth God and entrepreneurship even in the absence of a causal link. To address this, we construct a prefecture-year-enterprise type data set, where enterprise types are private domestic versus foreign enterprises, and employ a difference-in-difference-in-differences (DDD) approach. Since Wealth God worship was only adopted by Chinese nationals, it should not affect the establishment of foreign enterprises. The DDD strategy "differentiates" the impact of unobservable factors on private versus foreign enterprises, isolating their effect. Specifically, if our DID estimates for private enterprises capture both the influence of the Wealth God and unobservable factors, while the DID estimates for foreign enterprises only capture unobservable factors, the DDD approach effectively removes these common unobservable factors. This method helps isolate the impact of the Wealth God on entrepreneurship by accounting for any unobservable factor affecting both private and foreign enterprises.

Specifically, we estimate the following DDD specification:

$$Enterprises\ per\ capita_{ijt}{}^{S} = \beta Wealth\ God_i{}^{S} \times \widehat{Private_j}{}^{S} \times Post_t{}^{S} + \gamma_{it}{}^{S} + \pi_{ij}{}^{S} + \mu_{jt}{}^{S} + \varepsilon_{it}{}^{S}, \quad (5)$$

where j denotes the two types of enterprises (private or foreign enterprises) and S denotes a sample of 10,480 observations =5,240 (prefecture-by-year) × 2 (2 types: private and foreign). $Enterprises\ per\ capita_{ijt}$ denotes the number of enterprises per capita of type j in prefecture i during year t. $Private_j$ is an indicator for private enterprises. The DDD strategy enables us to account for prefecture-by-year fixed effects (γ_{it}), prefecture-by-enterprise type fixed effects (π_{ij}), and enterprise type-by-year fixed effects (μ_{jt}). Importantly, prefecture-by-year fixed effects account for unobservable time-varying prefecture specific factors that cannot be controlled for in our baseline DID model.

We first report the DID estimates using foreign enterprises as a placebo outcome in column (1) of Table 4. As expected, the Wealth God has no significant impact on the establishment of foreign enterprises.

In contrast, in columns (2) and (3), the DDD estimates of the triple interaction term, $Wealth\ God_i \times Private_j \times Post_t$, are significantly positive, even when taking time-varying

prefecture fixed effects into account (column (3)). Overall, these results suggest that our previous findings are unlikely to be threatened by omitted unobservable factors.[18]

In-time and In-space Placebo Exercises. Next, we perform two placebo exercises: an in-time placebo exercise assigning treatment periods 1 to 10 lags prior to the actual reform, and an in-space placebo exercise using randomly selected treatment units, as suggested by Chetty et al. (2009). Panel A in Figure B1 shows that none of the in-time placebo treatment estimates are statistically significant. Panel B instead plots the in-space placebo results, with the distribution of the estimates from 1,000 random draws. The distribution of placebo estimates is clearly centered around zero, indicating no effect. The baseline OLS estimate from Table 3 (0.117, the solid vertical line) lies entirely outside this distribution, further validating the original findings.

Additional Socio-economic and Geographic Factors. Table B2 provides additional robustness checks centered on further socio-economic and geographic characteristics. Socio-economic variables capture factors such as human capital, market access, proximity to administrative centers, tax enforcement capacity, institutional capacity, population concentration and urbanization, all of which could potentially confound the relationship between the Wealth God and entrepreneurship. Specifically, we control for the presence of new-style schools, overseas students, number of primary and middle schools, distance to provincial capital, the presence of tax collection stations, indicators of transportation and business importance, tax collection difficulty, high crime rate indicator, urbanization, urban population density, and urban population growth. Moreover, we account for additional agricultural suitability measures, including land suitability for rice, wheat, maize, soybean, and sorghum cultivation.

The results in Table B2 indicate that the estimated effect of the Wealth God is not driven by these socio-economic or geographic factors. If anything, the inclusion of these controls strengthens the estimated effect, particularly in column (2). When all socio-economic controls and agricultural suitability measures are included simultaneously, the coefficient estimate in column (3) remains statistically indistinguishable from our baseline estimate reported in Table 3, column (5).

Note that, in the Chinese context, rice cultivation is a potentially important factor associated with culture and entrepreneurship (Talhelm et al., 2014; Zhu et al., 2019a; Cai and

[18] The R^2 can be negative in the presence of high-dimensional fixed effects and IV structure, and it does not have a meaningful interpretation in this setting.

Zhu, 2024). For example, Cai and Zhu (2024) show a positive influence of rice suitability on entrepreneurship in China. Therefore, it is reassuring that controlling for rice cultivation leaves our estimates virtually unchanged.[19] Moreover, our identification strategy is designed to circumvent the potentially confounding influence of rice cultivation, further strengthening the credibility of our findings.

State-Owned and Foreign Enterprises. Next, we address the possibility that new enterprises might be established by the state or foreign owners, rather than private Chinese individuals. In Table B3, we show that our baseline results are not driven by state-owned or foreign enterprises. These types of enterprises are uncorrelated with private enterprises (not reported) and the effect of the Wealth God on private entrepreneurship is unchanged. When state-owned and foreign enterprises are accounted for, the coefficient estimates are identical to the baseline estimates in Table 3.

Accounting for Other Religions. Another potential concern may be that other religions could historically also have favored entrepreneurship, which might contaminate our results. To mitigate such concerns, Table B4 accounts for the presence of at least one Taoist temple, Buddhist temple, Confucian Temple, Protestant missionaries, or church school. The effect of the Wealth God culture is not altered when we account for other religions. Buddhism and Protestantism seem to have smaller positive effects, consistent with Weber (1905), Bai and Kung (2015), and Xu et al. (2022). Accounting for other temples also indicates that the ability to construct a temple at the local level does not necessarily predict entrepreneurship. Since the mere capacity to build temples is not enough to drive entrepreneurial activity, this highlights the unique role of Wealth God culture in influencing business formation.

Accounting for Other Less Known Deities. The Wealth God was historically the dominant figure associated with money and wealth in southern China (the greater Jiangnan region). However, other less prominent local deities, such as Zhao Gongming, Bi Gan, and Fan Li, were also present, though it remains unclear how widely they were worshiped (Alexeiev, 1928; Werner, 1994; Szonyi, 1997). To rule out their potential influence, we construct a measure of Other Deities based on dedicated temples, similar to our Wealth God measure, capturing the presence of all other deities recorded in the gazetteers. Table B5 shows that, when

[19] We also verify that rice cultivation is not different across prefectures with and without a Wealth God culture.

controlling for other deities, the effect of the Wealth God remains unchanged (column (2)) compared to the baseline effect in column (5) of Table 3.

Alternative Samples. We next create alternative samples to assess the sensitivity of the results to certain parts of the estimation sample. Figure B2 illustrates alternative samples and Table B6 presents regressions with alternative samples. In columns (1)-(4), the distance from Wuyuan County is restricted to less than 1000km, 900km, 800km, or 700km, respectively. Column (5) restricts the sample to provinces located along the Yangtze river, as culture may have spread faster along this river. Column (6) excludes coastal prefectures, as foreign influence as well as commercial activity may have been greater along the coast. The Wealth God coefficients remain positive and statistically significant throughout.

Alternative Wealth God Measure. In Table B7, we use an alternative measure of Wealth God culture denoted as *All Wealth God*. To create the *All Wealth God* measure, we use any mention of "the Wutong Wealth God" in gazetteers (instead of the records of "Wutong Wealth God Temple"). That is, if any wording related to the Wealth God appears in a gazetteer, the prefecture is coded to have a Wealth God culture. The distribution of this alternative measure of the Wealth God culture across prefectures is in Figure B3. The results in Table B7 are similar to our previous results.

Additional Specifications. Table B8, similar to columns (2)-(4) of Table B1, takes into account any confounding trends in enterprise establishment. Columns (1) and (2) of Table B8 accounts for differential trends across prefectures with and without a Wealth God culture (by residualizing the Wealth God trend or controlling for it). Column (3) instead captures differential trends with different levels of enterprise stocks, using stock measures of enterprises per capita in 1894 (the last year prior to the reform). This is in line with endogenous growth frameworks à la Howitt and Aghion (1998) and Jones (2022), which suggest that current knowledge is built upon the accumulation of past knowledge. Table B8 shows that the previous findings carry over and our results are robust to accounting for differential trends.

Spatial Correlation. Table B9 presents the Global Moran's I for spatial autocorrelation in our outcome variable, enterprises per capita, for each year. Results indicate that, by and large, there is essentially no spatial correlation issue in our setting, and none of the Moran's I indices are significant at the 5% level.[20]

[20] Except for the 10% significance in 1891.

Nevertheless, we also produce spatial correlation-adjusted Conley standard errors at various correlation ranges (Conley, 1999). A typical late-Qing prefecture governed an area often spanning 100-200km. The distance between neighboring prefectural administrative centers was commonly in the range of 80 to 150 km, with a median often around 100 to 150 km. A bandwidth of 100 km thus captures strictly local interactions (essentially immediate neighbors). A 200 km bandwidth extends to second- and third- order neighbors, covering a broader regional market or administrative network. 300 km reaches more distant prefectures, serving as an upper bound that still remains within the scale of a large macro-region. Table B10 shows that our results are robust to spatial correlation-adjusted Conley standard errors. For example, column (2) suggests that clustered standard errors are actually more conservative than spatial-correlation adjusted standard errors at any distance cutoff.

Alternative Functional Forms of Time Trends. Table B11 presents a final robustness test by assessing sensitivity to the functional form of the time trend. Results are presented for quadratic, cubic, quartic, and post-reform trends of geographic factors. The coefficient of interest remains positive and highly significant, and the coefficient size is stable.

5.4 *Heterogeneity Analysis*

In this section, we analyze various sources of heterogeneity in our historical results.

Heterogeneity by Socio-economic Conditions. We start by assessing whether there is any heterogeneity by socio-economic conditions in the post-reform effect of the Wealth God culture on entrepreneurship. The socio-economic conditions studied include: (i) the pre-1895 urbanization rate, categorized into low, medium, and high, corresponding to the 1st, 2nd, and 3rd quantiles, respectively; (ii) the pre-1895 population density, similarly categorized into low, medium, and high, based on the 1st, 2nd, and 3rd quantiles, respectively; (iii) the urban population growth, with an indicator for whether the growth rate was above the median (yes=1, no=0); (iv) an indicator of pre-1895 transportation or communication importance according to the imperial government (= 1 if high, = 0 if low).

Table 5 reports the heterogeneous treatment effects based on prefectures' pre-1895 socio-economic conditions. The results suggest that the Wealth God culture significantly influenced entrepreneurship after the 1895 reform across areas with varying socio-economic characteristics. The Wealth God had a more statistically and economically significant effect on new enterprise creation in areas with higher urbanization (column 1), greater population density

(column 2), higher population growth (column 3), and greater importance for transportation and communication (column 4).

Heterogeneity by Industry. Table 6 reports the differential effects on enterprises per capita by industry type. We categorize industry sectors based on Du (2014) in the 1880-1899 period as (i) heavy industry (columns (1)-(2)); (ii) light industry (columns (3)-(4)); (iii) food industry (columns (5)-(6)); and (iv) non-food industry (columns (7)-(8)). The positive and significant coefficients, including in all even columns (using an IV approach), suggest that the Wealth God had a positive effect on enterprise creation in a broad swath of industry sectors, and not only in a select few. However, the largest effect seems to be in the category of light industry.

6. Results: Contemporary Entrepreneurship

6.1 *Baseline Contemporary Results*

We now turn our attention to contemporary outcomes to assess the degree of persistence of the influence of the Wealth God culture.

Prefecture-level Evidence. The prefecture-level cross-sectional estimates of the long-run impact of the Wealth God culture on new enterprises per capita during 2000-2019 are reported in Table 7. Overall, the estimates for the OLS, reduced-form, first stage, and second stage results are similar to those reported in Table 3. The first-stage fit is still good, with an F-statistic above 10. The second stage results indicate that prefectures with a historical Wealth God culture still created more new enterprises in the 2000s compared to prefectures with no Wealth God history, controlling for province fixed effects and geographic factors. For example, column (5) in Table 7 suggests that the Wealth God culture is associated with a long-run effect yielding 145% greater entrepreneurship per capita. However, note that the F-statistic dips slightly below 10 in this model, and thus, the result should be interpreted with caution.

Column (7) suggests that the Wealth God culture is not significantly associated with primitive capital per capita (even though the coefficient is positive). This may be due to the fact that contemporary regional primitive capital allocation is subject to several factors, including credit controls, state capacity, or place-based government policies (Khan, 2006; Song and Xiong, 2018).

Individual-level Evidence. We now offer individual level evidence on the legacy of the Wealth God on contemporary entrepreneurship. Table 8 focuses on the actual occupation of survey respondents, analyzing whether they are an entrepreneur or self-employed. In columns (1)-(2), we use a variable from the Chinese General Social Survey (CGSS, 2005) that asks the

question: Which of the following categories is your occupation? Entrepreneur =1; otherwise=0 (question B9f). The CGSS (2005) does not identify each respondent's home prefecture; thus, we only have province level information and province fixed effects cannot be used. Instead, in columns (3)-(4), we employ the 2005 Census records on self-employment: Employment status is self-employment, 1=yes, otherwise=0 (answers recoded).

The results in Table 8 indicate a higher prevalence of entrepreneurs and self-employed individuals in areas with a Wealth God culture, further supporting our hypothesis. For instance, column (4) suggests that individuals from prefectures with a Wealth God culture are 19% more likely to be self-employed (which corresponds to 63% of the mean of self-employment).

6.2 *Robustness: Contemporary Results*

In this section, we conduct a battery of checks to test the robustness of our contemporary findings.

Migration Adjusted Data. If migrants were raised in regions with a Wealth God culture, they might bring an entrepreneurial spirit from their ancestral areas, potentially biasing our contemporary results. To address this concern, we follow an approach similar to Putterman and Weil (2010), who account for international migration during the Columbian exchange. We leverage detailed migration data from the 2005 Chinese Census, covering over two million individuals.[21] This dataset provides information on each person's birthplace and their prefecture of residence in 2005. Using this, we construct a 239 × 239 matrix of migration flows between prefectures, capturing the proportion of each prefecture's population made up by migrants. This matrix allows us to construct a migration-adjusted measure of the Wealth God culture: $Migration\ Adjusted\ Wealth\ God_{239\times1} = M_{239\times239} \times Wealth\ God_{239\times1}$.

We then regress the number of new enterprises per capita on the migration-adjusted Wealth God measures. The results are reported in Table C1. After adjusting for migration, the estimates remain positive and significant, i.e., the baseline findings are stable.

Spatial Spillover Effects. Cultural diffusion across borders could potentially influence our results. To account for this, Table C2 incorporates measures of neighboring prefectures' Wealth God culture. We use two alternative measures alongside our baseline measure of Wealth

[21] China experienced two historical waves of north-to-south large-scale migrations due to warfare and famine that are potentially relevant to the present study (as well as other smaller migrations) (Wen et al., 2004). These migrations occurred during the Tang Dynasty (618-907 AD) and the Southern Song Dynasty (1127-1279 AD). We are unable to adjust for these events due to a lack of data. Note that the last large migration took place more than seven centuries ago (and around six centuries before the years relevant for our historical analysis).

God culture: (i) whether any neighboring prefecture has at least one Wealth God temple (1 = yes, 0 = no), (ii) the share of neighboring prefectures with at least one Wealth God temple. Table C2 suggests that including these measures of neighboring Wealth God culture does not meaningfully alter the estimated effect of the Wealth God culture and the baseline effects are not driven by spatial spillovers from neighbors.

To further mitigate concerns about spatial spillover effects, Table C3 reports the degree of spatial autocorrelation, measured by the Moran's I statistic. Following Kelly (2019), we calculate Moran's I using the residuals from the baseline regression, assigning a weight of 1 to neighboring prefectures and 0 to all others. The resulting Moran's I is very close to zero at 0.001. Moreover, Moran's statistic is never significant with a p-value of 0.435 (z-score of 0.165). This suggests that spatial autocorrelation is not a concern in our analysis and the spatial pattern is close to random.

Moreover, Table C4 presents simulation results with spatially correlated noise variables, both as the explanatory variable (instead of Wealth God) and as the dependent variable (instead of number of new enterprises per capita). When we generate a set of spatially correlated noise variables, the main choice parameter in the simulation is the correlation range of the Matérn function (Kelly, 2019).[22] We employ ranges from 1 to 5 and run 400 regressions per range. Column (1) shows the share of cases where noise outperforms our main explanatory variable (i.e., with a t-value higher than our baseline). Spatial noise almost never outperforms compared to the baseline model in column (5) of Table 7. Columns (2)-(5) and (6)-(9) show the share of significant coefficients with noise as the explanatory and dependent variables, respectively. Only very few noise variables are significant at the 1% level and are never significant when p=0.001. These simulations further strengthen previous exercises suggesting that our main findings are not an artefact of spatial correlation.

Accounting for other Cultural Traits. Lastly, we assess whether the effect of the Wealth God might be driven by other cultural traits. On the one hand, religion and religious groups may help develop a certain level of social ethic and social capital (Arrunada, 2010), through, for example, their teachings and repeated interaction (Norris and Inglehart, 2004). On the other hand, strict norms, while fostering trust and cooperation, may also hinder flexibility and creativity, traits required for entrepreneurship (Ge et al., 2024). Thus, we account for proxies

[22] Kelly (2019) choses spatial correlation ranges between 3 to 5 degrees, and 0.5 to 1.5 degrees, for the replication of two studies using data from Europe and Peru, respectively.

of trust and cooperation as additional cultural factors that might potentially influence entrepreneurial activity.

We rely on the Didi (a car sharing system) City Development Index report (Xu et al., 2019), where the variable Social Trust is used as a proxy to measure a city's culture of trust. This focuses on behavioral integrity and the spirit of the contract in daily interactions. Within the Didi framework, Social Trust is defined by the reliability of promises made between strangers on the platform. To quantify trust, the report tracks two specific behavioral indicators of breaking a promise: (i) Passenger Cancellation Rate after Response: The frequency with which a passenger cancels a ride after a driver has already accepted the call and begun driving toward them. (ii) Driver Cancellation Rate after Response: The frequency with which a driver cancels after accepting a request, leaving the passenger stranded. Moreover, in the Didi City Development Index report, the variable Proportion of Express Pool (Cooperation between Passengers; a service where passengers with similar routes share a car in real-time to split costs) serves as a proxy for measuring a city's cooperative culture. This measure calculates the percentage of shared-trip orders relative to the total volume of private ride-hailing orders.

Using these two proxies, in Table C5, we control for trust and cooperation in regressions of new enterprises per capita. Table C5 estimates suggest that the effect of the Wealth God is still positive and significant and is not driven by trust or cooperation.

7. Mechanisms

In this section, we evaluate various potential mechanisms that might be underlying our baseline relationships.

Individual Attitudes towards Risk, Entrepreneurship, Money, and Wealth. To explore the mechanisms through which the Wealth God culture influences entrepreneurship, we first focus on contemporary attitudes towards risky investments, entrepreneurship, money, and wealth. Exposure to the Wealth God culture may have shaped these attitudes by, for example, influencing risk preferences. Additionally, prior research suggests that values, social norms, and attitudes affect entrepreneurial behavior (Scott, 2007; Audretsch et al., 2013). For instance, individuals exposed to the Wealth God culture may view entrepreneurship as more desirable or perceive wealth and money more positively.

To shed some light on such attitudes, we use individual-level data from various surveys.[23] The measures of attitudes used in Table 9 are as follows: (i) CGSS 2018 (columns (1)-(2)) asks: "If you have extra money, even with some risk involved, you are likely to invest them in high-return opportunities (1= agree= 1, 0= disagree)" (question B610); (ii) CGSS 2005 (columns (3)-(4)) asks: "For you, what type of career do you most desire to pursue? 1= entrepreneur, 0 otherwise" (question E6); (iii) CSS 2006 (columns (5)-(6)) asks: "To what extent do some of the following statements and situations correspond to your own? Desire to make more money. 1= agree, 0= disagree" (question E1003); (iv) CFPS 2010 (columns (7)-(8)) asks: "To what extent do you agree with the following statements? Wealth represents individual achievement and success. 1= agree, 0= disagree" (question M703).

Findings of positive correlations would support the hypothesis that the Wealth God culture enhances risk tolerance, entrepreneurial orientation, and positive attitudes towards money and wealth. Due to limitations in CGSS 2005, 2018 and CSS 2006, we are unable to identify each respondent's home prefecture and therefore only have province level information in columns (1)-(6) of Table 9. In contrast, CFPS 2010 allows us to identify respondents' home prefectures, enabling us to include province fixed effects in columns (7)-(8). All columns (1)-(8) show that the Wealth God culture has a positive and significant influence on willingness to take advantage of risky investment opportunities, attitudes toward entrepreneurship, desire to make money, and perceptions of wealth as success. For example, column (8) suggests that individuals from prefectures with a Wealth God culture are 76% more likely to believe that a wealthy individual can be considered successful in life. This is a striking finding, as it suggests that the worship of the Wealth God contributed to the formation of an underlying culture that regards material wealth as a marker of individual achievement.

Wealth God Culture and First Names. A rich body of social science literature supports the use of names to measure long-term cultural influences, as names often reflect societal values and norms (e.g., Bertrand and Mullainathan, 2004; Abramitzky et al., 2024). Recent research has used names to measure various cultural traits such as individualism by analyzing the frequency of uncommon names (Bazzi et al., 2020b; Bazzi et al., 2021; Knudsen, 2022). We, instead, assess the prevalence of cultural norms glorifying money and wealth by analyzing given names.

[23] These surveys are the Chinese General Social Survey 2005, 2018 (CGSS 2005, 2018), the China Social Survey (CSS 2006), and the Chinese Family Panel Survey 2010 (CFPS 2010).

We adopt a similar approach to the related literature, and first focus on Chinese names containing characters associated with "wealth" and "money". However, Chinese characters differ systematically from English characters (Cheung and Kemper, 1993). To calculate the share of names with a meaning of "wealth" or "money" in China, we use the Chinese Names Database (CND), covering over 2.5 million individuals in 2005. CND is sourced from the Beijing Meiming Science and Technology Company and originally obtained from the National Citizen Identity Information Center (NCIIC) of China in 2008.[24]

In Chinese, Wealth God means the god of "qian" (money) or the god of "cai" (wealth). We thus calculate the average share of given names containing the characters of "qian" and "cai" in each prefecture. We focus only on Han individuals, as the naming conventions of ethnic minorities differ significantly from those of the Han majority.

Table 10, columns (1) to (4), show no significant association between the historical presence of the Wealth God and the use of "qian" and "cai" in names. Does this imply no long-term cultural impact of the Wealth God? Not necessarily. In formal Chinese contexts, the characters "qian" and "cai" are often considered vulgar or overly secular. Parents may opt for more refined names with positive connotations, avoiding these characters, while still expressing similar values of money and wealth through more subtle alternatives.

With this in mind, we further explore the data by focusing on name pronunciation. A variety of alternative characters pronounced similarly to "qian" and "cai" convey the same spirit of wealth and money. Our findings suggest that people tend to avoid the direct use of these characters but instead choose phonetically similar alternatives, perhaps as a more socially acceptable way to express the values associated with the Wealth God. As indicated in columns (5) to (8) of Table 10, this indirect naming convention supports the idea that a culture of glorifying money and wealth is more prevalent in regions historically influenced by the Wealth God.

Informal Business Dispute Resolution. The Wealth God was also believed to facilitate the resolution of disputes among business partners, helping to sustain commercial relationships without reliance on formal contracts (von Glahn, 1991, 2004a). This belief thus operated as a form of informal contract enforcement, reducing transaction costs and improving the prospects for successful exchange. To assess this channel, we examine the relationship between the Wealth God culture and contract disputes. If this historical mechanism of informal conflict resolution was at work, areas with a Wealth God culture should exhibit fewer contract disputes.

[24] No individual-level financial or residential data are included, thus it does not violate personal privacy.

Data on contract disputes and business partnership contract disputes come from China Judgments Online, the official platform of the Supreme People's Court of China. This database archives all legal cases from across China. Our analysis focuses on civil cases classified as contract disputes and business partnership contract disputes, aggregated from 2014 onward, as earlier data are less complete due to the absence of mandatory public disclosure before 2013.

Table 11 shows that prefectures with a Wealth God culture have fewer business partnership disputes and contract disputes. For instance, column (4) suggests that, over this period, prefectures with a Wealth God culture had 72.6% fewer contract disputes per capita on average. This evidence is consistent with a mechanism of informal dispute resolution.

8. Conclusion

This paper examines the role of traditional folk religion in the historical origins and long-run persistence of private entrepreneurship in China. Focusing on the Wealth God Wutong -a prominent deity in traditional Chinese folklore associated with wealth distribution-, we study whether a locally embedded culture of wealth worship shaped entrepreneurial responses to China's 1895 liberalization reform, which removed barriers for Chinese citizens to establish private enterprises. By constructing a novel dataset on temples devoted to the Wealth God and combining an instrumental variable strategy with a difference-in-differences framework, we provide evidence that cultural beliefs surrounding wealth and prosperity played an important role in the emergence of private entrepreneurship in China.

Our findings show that the 1895 reform generated a larger increase in new private enterprises in prefectures with a stronger Wealth God culture. This influence persisted into the contemporary period, affecting both newly registered businesses and individual occupational choices related to entrepreneurship and self-employment. Despite major disruptions to private enterprise throughout China's modern history, including its prohibition from 1949 to 1978, the culture of wealth worship appears to have sustained an underlying entrepreneurial spirit.

We also provide evidence on several mechanisms. Areas with a stronger Wealth God culture display more favorable attitudes toward risk-taking, entrepreneurship, income accumulation, and wealth. Naming patterns among children further point to a broader cultural environment in which money and wealth were more positively valued. In addition, prefectures with a Wealth God culture exhibit fewer contract and business partnership disputes, consistent with informal mechanisms of dispute resolution. Together, these findings suggest that Wealth God culture helped foster norms, beliefs, and informal practices that encouraged entrepreneurial activity.

The paper contributes to our understanding of the cultural foundations of economic development by showing how traditional folk religion can shape economic behavior and mediate the effects of institutional reform. More broadly, the results suggest that policy reforms may have heterogeneous effects depending on local cultural contexts, with implications for policy effectiveness and the persistence of regional differences in economic development.

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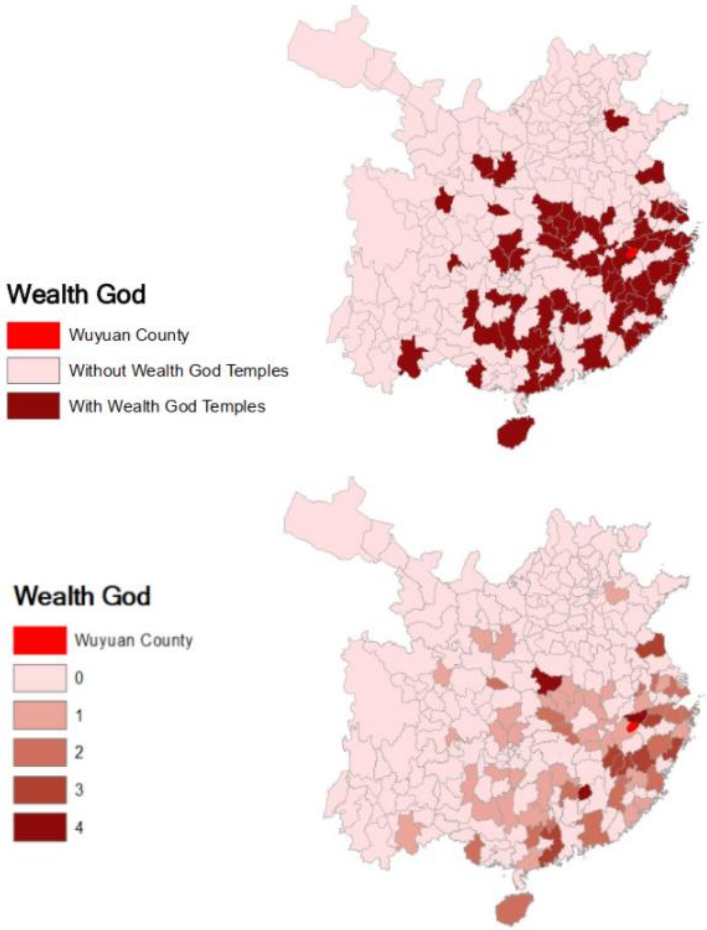


Figure 1: Prefectures with and without Wealth God Temples

Notes: The top figure plots whether a prefecture records Wealth God temples in gazetteers during the Qing dynasty (1636~1895). The bottom figure plots the number of records in gazetteers during the Qing dynasty.



Figure 2: The Number of Newly Established Enterprises

Notes: The red solid dots denote the number of new private enterprises established during 1880 to 1899 in prefectures with Wealth God temples. The hollow dots denote the number of new private enterprises established during 1880 to 1899 in prefectures without Wealth God temples. The vertical line shows the year of deregulation. Before 1895, the imperial Qing government only allowed state sanctioned enterprises to engage in business production. Data sources: Number of enterprises: Du (2014); population: Cao (2001).

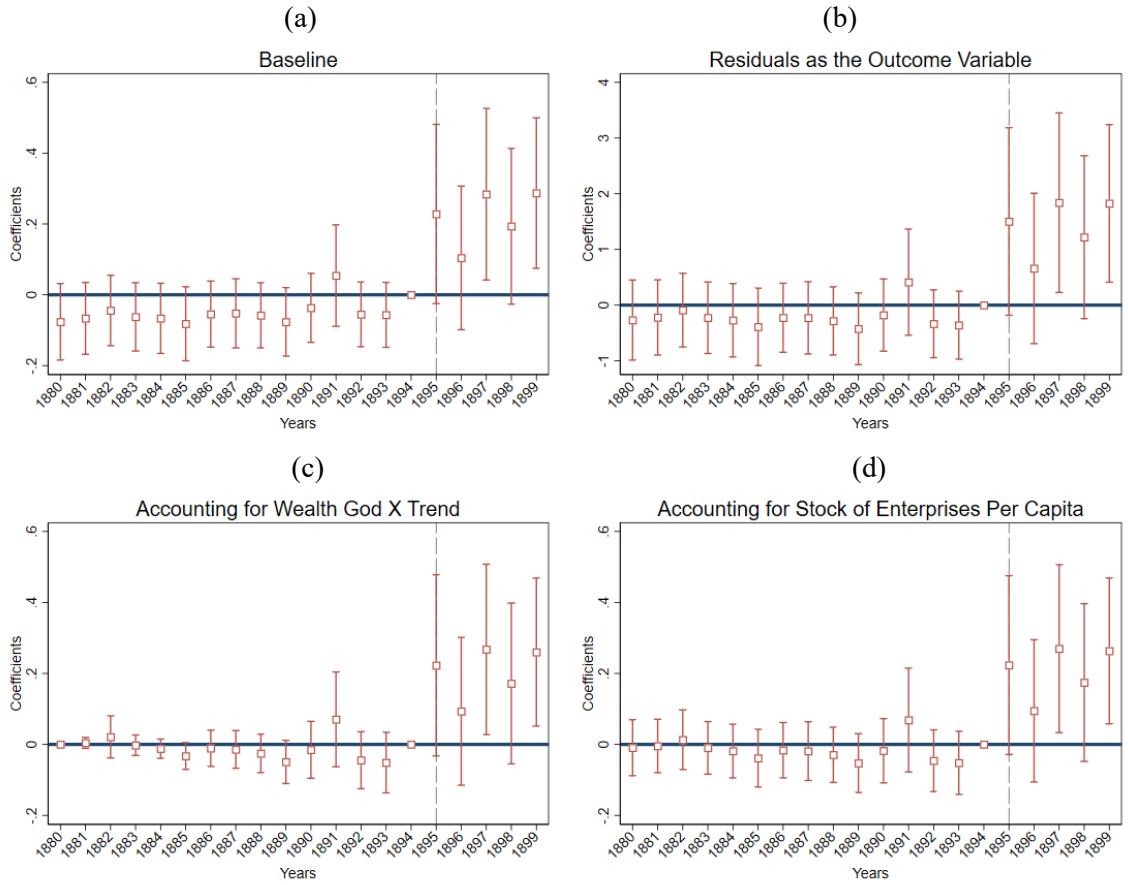


Figure 3: Pre- and Post-reform Analysis

Notes: Figure 3.a plots the results of event-study regressions corresponding to Equation (3). Figure 3.b removes any confounding trends in enterprise establishment by filtering out $WealthGod_i \times Yeartrend_t$, and uses the resulting residuals as outcome. Figure 3.c directly controls for $WealthGod_i \times Yeartrend_t$. Figure 3.d directly controls for $Stock\ of\ Enterprises\ per\ capita\ in\ 1894_i \times Yeartrend_t$. The hollow dots represent point estimates, and the vertical lines are 95% confidence intervals. The dashed vertical line indicates the year of deregulation, 1895. 1894 is the base year.

Table 1: Balance test: Prefectures with and without Wealth God

	(1) Wealth God	(2) No Wealth God	(3) Conditional Difference
Panel A: Geographic attributes:			
Latitude	28.481	31.412	-0.409*
	(3.372)	(5.151)	(0.219)
Terrain ruggedness	1.812	1.892	0.0947
	(1.142)	(1.457)	(0.179)
Precipitation	2.856	2.902	0.0340
	(0.164)	(0.279)	(0.0366)
Temperature	16.122	13.257	0.366
	(2.609)	(4.565)	(0.454)
Coast indicator	0.234	0.101	0.0577
	(0.426)	(0.302)	(0.0482)
Panel B: Indicators of (pre-reform) socio-economic conditions:			
Presence of new style schools (colleges) in late Qing	0.031	0.030	-0.0235
	(0.175)	(0.171)	(0.0291)
Presence of overseas students in late Qing	0.417	0.427	0.0383
	(0.440)	(0.461)	(0.0685)
Number of primary and middle schools in late Qing	75.521	93.480	6.948
	(87.849)	(139.596)	(15.91)
Distance to provincial capital	2.346	2.455	-0.0665
	(0.954)	(1.257)	(0.187)
Presence of tax collection stations	0.834	0.859	-0.0108
	(0.363)	(0.331)	(0.0524)
Transportation importance indicator (*Chong*)	0.637	0.584	0.0853
	(0.481)	(0.482)	(0.0767)
Business importance indicator (*Fan*)	0.774	0.775	0.0606
	(0.416)	(0.408)	(0.0661)
Tax difficulty indicator (*Pi*)	0.348	0.252	0.103
	(0.476)	(0.426)	(0.0699)
High crime rate indicator (*Nan*)	0.700	0.656	0.108
	(0.459)	(0.463)	(0.0744)
Urbanization rate in late Qing	8.247	6.248	1.283*
	(3.916)	(4.742)	(0.689)
Urban population density in late Qing	79.709	54.528	5.792
	(135.435)	(91.498)	(16.025)
Urban population growth in late Qing indicator	0.656	0.449	0.114
	(0.478)	(0.498)	(1.39)
Observations	64	198	n.a.

Notes: Columns (1) and (2) show sample means with standard deviations in parenthesis. Column (3) shows the conditional difference (controlling for province fixed effects) between prefectures with and without the Wealth God, with standard errors in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% level, respectively. Summary statistics, data sources, and definitions can be found in Tables A1 and A2.

Table 2: Exogeneity of the Instrument

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable:	Indicators of (pre-reform) socio-economic conditions					
	Presence of new style schools	Presence of overseas students	Number of primary and middle schools	Distance to provincial capital	Presence of tax collection stations	Transportation importance indicator (*Chong*)
Distance to Wuyuan	-0.00492	0.0119	1.948	0.0386	-0.0164	-0.0199
	(0.00661)	(0.0156)	(3.616)	(0.0425)	(0.0119)	(0.0174)
Province FE	Y	Y	Y	Y	Y	Y
Observations	262	262	262	262	262	262
R-Squared	0.092	0.277	0.514	0.211	0.243	0.121
Dependent variable:	Indicators of (pre-reform) socio-economic conditions					
	Business importance indicator (*Fan*)	Tax difficulty indicator (*Pi*)	High Crime rate indicator (*Nan*)	Urbanization rate	Urban population density	Urban population growth indicator
Distance to Wuyuan	-0.0161	-0.00355	-0.0206	0.00458	-5.785	-0.0296
	(0.0150)	(0.0160)	(0.0169)	(0.158)	(3.626)	(0.0186)
Province FE	Y	Y	Y	Y	Y	Y
Observations	262	262	262	262	262	262
R-Squared	0.127	0.194	0.130	0.271	0.252	0.145

Notes: Standard errors clustered at the province level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table 3: The Wealth God and Entrepreneurship 1880-1899

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	OLS	Reduced form		1st stage	IV 2nd stage		IV 2nd stage
Dependent variable:	Enterprises per capita	Enterprises per capita		Wealth God	Enterprises per capita		Capital per capita
Post × Wealth God	0.117***			0.282***	0.263***		0.866***
	(0.0372)			(0.074)	(0.0756)		(0.222)
Post × Distance to Wuyuan		-0.0107***	-0.0379***				
		(0.00290)	(0.00529)				
Post × Wealth God Intensity						0.123***	
						(0.0370)	
Geographic Controls × t					Y	Y	Y
Prefecture FE	Y	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y	Y
Observations	5240	5240	5240	5240	5240	5240	5240
R-Squared	0.050	0.047	0.361	0.0455	0.0549	0.0559	0.0490
1st stage F-statistic				51.458	51.368	41.596	51.368

Notes: Enterprises per capita is the inverse hyperbolic sine (IHS) function of the number of new enterprises per capita. *Wealth God* is an indicator of the presence of at least one Wealth God temple in a prefecture. *Wealth God Intensity* is the total number of times Wealth God temples were recorded in a prefecture's gazetteers. In columns (4)-(7), IV is *Post × Distance to Wuyuan*. Geographic controls include latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table 4: Using Foreign Enterprises to Isolate the Impact of Unobservable Factors

	(1)	(2)	(3)
Dependent variable:	Foreign Enterprises per capita	Enterprises per capita	
Post × Wealth God (Post × Distance to Wuyuan as IV)	-0.00685	-0.0224**	
	(0.00462)	(0.0105)	
Post × Wealth God × Private (Post × Distance to Wuyuan × Private as IV)		0.302***	0.289***
		(0.0783)	(0.0746)
Post × Private		-0.0297**	
		(0.0126)	
Geographic Controls × t	Y		
Prefecture FE	Y	Y	
Year FE	Y	Y	
Prefecture × Year FE			Y
Prefecture × Enterprise Type FE			Y
Enterprise Type × Year FE			Y
Observations	5240	10480	10480
R-Squared	0.001	-0.014	-0.027

Notes: Wealth God is an indicator of the presence of at least one Wealth God temple in a prefecture. *Private* is a time-invariant dummy variable denoting outcome variable of enterprise type (private or foreign enterprises). Columns (2) and (3) use a prefecture-by-year-by-enterprise type (private versus foreign) panel data set. Enterprises per capita is the inverse hyperbolic sine (IHS) function of the number of new private enterprises per capita in columns (2) and (3), and foreign enterprises per capita in column (1). Geographic controls include latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table 5: Heterogeneity by Socio-economic Conditions

	(1)	(2)	(3)	(4)
Dependent variable:	Enterprises per capita			
Post × Wealth God × Urbanization Rate Low	-0.215			
(Post × Distance to Wuyuan × Urbanization Rate Low as IV)	(0.200)			
Post × Wealth God × Urbanization Rate Middle	0.120			
(Post × Distance to Wuyuan × Urbanization Rate Middle as IV)	(0.0836)			
Post × Wealth God × Urbanization Rate High	0.431***			
(Post × Distance to Wuyuan × Urbanization Rate High as IV)	(0.142)			
Post × Wealth God × Population Density Low		0.0211		
(Post × Distance to Wuyuan × Population Density Low as IV)		(0.0364)		
Post × Wealth God × Population Density Middle		0.0935*		
(Post × Distance to Wuyuan × Population Density Middle as IV)		(0.0539)		
Post × Wealth God × Population Density High		0.572***		
(Post × Distance to Wuyuan × Population Density High as IV)		(0.185)		
Post × Wealth God × Urban Population Growth No			0.256*	
(Post × Distance to Wuyuan × Urban Population Growth No as IV)			(0.138)	
Post × Wealth God × Urban Population Growth Yes			0.315***	
(Post × Distance to Wuyuan × Urban Population Growth Yes as IV)			(0.107)	
Post × Wealth God × Transportation Importance No				0.0743
(Post × Distance to Wuyuan × Transportation Importance No as IV)				(0.0776)
Post × Wealth God × Transportation Importance Yes				0.322***
(Post × Distance to Wuyuan × Transportation Importance Yes as IV)				(0.0971)
Post × Urbanization Rate Low	Y			
Post × Urbanization Rate Middle	Y			
Post × Urbanization Rate High	Y			
Post × Population Density Low		Y		
Post × Population Density Middle		Y		
Post × Population Density High		Y		
Post × Urban Population Growth No			Y	
Post × Urban Population Growth Yes			Y	
Post × Transportation Importance No				Y
Post × Transportation Importance Yes				Y
Geographic Controls × t	Y	Y	Y	Y
Prefecture FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Observations	5240	5240	5240	5240
R-Squared	0.0717	0.0967	0.0530	0.0558

Notes: Enterprises per capita is the inverse hyperbolic sine (IHS) function of the number of new enterprises per capita. *Wealth God* is an indicator of the presence of at least one Wealth God temple in a prefecture. Geographic controls: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table 6: Heterogeneity by Industry

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent variable:	Enterprises per capita by industry							
Industries:	Heavy industry		Light industry		Food industry		Non-food industry	
Post × Wealth God	0.0102		0.103***		0.0660***		0.0683***	
	(0.0092)		(0.0366)		(0.0233)		(0.0283)	
Post × Wealth God		0.0570**		0.206***		0.139***		0.170***
(Instrumented)		(0.0249)		(0.0707)		(0.0446)		(0.0557)
Geographic Controls × t	Y	Y	Y	Y	Y	Y	Y	Y
Prefecture FE	Y	Y	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y	Y	Y
Observations	5240	5240	5240	5240	5240	5240	5240	5240
R-Squared	0.0081	0.0048	0.0647	0.0570	0.0415	0.0384	0.0543	0.0425

Notes: Enterprises per capita are the inverse hyperbolic sine (IHS) function of the number of new enterprises per capita. *Wealth God* is an indicator of the presence of at least one Wealth God temple in a prefecture. IV is *Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table 7: Long-run Effects on Contemporary Entrepreneurship 2000-2019

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	OLS	Reduced form	1st stage	2nd stage			2nd stage
Dependent variable:	Enterprises per capita	Enterprises per capita	Wealth God	Enterprises per capita			Capital per capita
Wealth God	0.279**			0.880**	0.896**		0.631
	(0.119)			(0.420)	(0.431)		(2.138)
Distance to Wuyuan		-0.0397*	-0.0451**				
		(0.0222)	(0.0164)				
Wealth God Intensity						0.460**	
						(0.206)	
Geographic Controls					Y	Y	Y
Province FE	Y	Y	Y	Y	Y	Y	Y
Observations	239	239	239	239	239	239	239
R-Squared	0.288	0.279	0.132	0.204	0.205	0.157	0.432
1st stage F-statistic				11.379	9.787	7.263	9.787

Notes: Enterprises per capita is the logarithm of the number of new enterprises per capita between 2000-2019. *Wealth God* is an indicator of the presence of at least one Wealth God temple in a prefecture. *Wealth God Intensity* is the total number of times Wealth God temples were recorded in a prefecture's gazetteers. In columns (4)-(7), IV is *Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the province level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table 8: Individual-level Evidence on Entrepreneurship

	(1)	(2)	(3)	(4)
Dependent variable:	Is an entrepreneur		Is self-employed	
Wealth God	0.0552***		0.117***	
	(0.0147)		(0.0368)	
Wealth God (Instrumented)		0.00377***		0.190**
		(0.00100)		(0.0901)
Province FE			Y	Y
Observations	9740	9740	157363	157363
R-Squared	0.005	0.009	0.057	0.055

Notes: IV is *Distance to Wuyuan.* Standard errors clustered at the province level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table 9: Attitudes towards Risk, Entrepreneurship, Money, and Wealth

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent variable:	Using extra money to invest in risky opportunities		Desire to become an entrepreneur		Desire to make more money		Wealth represents individual achievement and success	
Wealth God	0.036***		0.0353*		0.022**		0.043***	
	(0.012)		(0.0202)		(0.011)		(0.011)	
Wealth God (Instrumented)		0.060***		0.0024*		0.058***		0.764***
		(0.029)		(0.0014)		(0.017)		(0.272)
Province FE							Y	Y
Observations	3996	3996	9740	9740	6388	6388	27537	27537
R-Squared	0.002	0.001	0.002	0.0004	0.001	n.a.	0.014	n.a

Notes: Only information on respondent's home province is available in CGSS 2005, 2018 and CSS 2006; province FE cannot be used in columns (1)-(6). IV is *Distance to Wuyuan*. Standard errors clustered at the province level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table 10: Culture of Money and Wealth Captured by First Names

Dependent variable:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Name intensity of the character of "money"		Name intensity of the character of "wealth"		Name intensity of the pronunciation of "money"		Name intensity of the pronunciation of "wealth"	
Wealth God	0.0000121		0.000539		0.00208***		0.00309*	
	(0.0000314)		(0.000727)		(0.000346)		(0.00175)	
Wealth God		0.000135		-0.000576		0.00615**		0.00822
(Instrumented)		(0.000155)		(0.00403)		(0.00281)		(0.00703)
Province FE	Y	Y	Y	Y	Y	Y	Y	Y
Observations	239	239	239	239	239	239	239	239
R-Squared	0.129	0.084	0.428	0.415	0.435	0.164	0.477	0.426

Notes: Standard errors clustered at the province level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table 11: Informal Business Dispute Resolution

Dependent variable:	(1)	(2)	(3)	(4)
	Business Partnership Contract Disputes per capita		Contract Disputes per capita	
Wealth God	-0.0873*		-0.183*	
	(0.0506)		(0.103)	
Wealth God (Instrumented)		-0.717*		-1.295*
		(0.414)		(0.730)
Geographic Controls	Y	Y	Y	Y
Province FE	Y	Y	Y	Y
Observations	239	239	239	239
R-Squared	0.122	n.a.	0.2816	0.0462

Notes: Business Partnership Contract Disputes per capita is the logarithm of the number of business partnership contract disputes per capita. *Contract Disputes per capita* is the logarithm of the number of all contract disputes per capita. IV is *Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the province level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Appendix A: Figures, Summary Statistics, and Data Sources

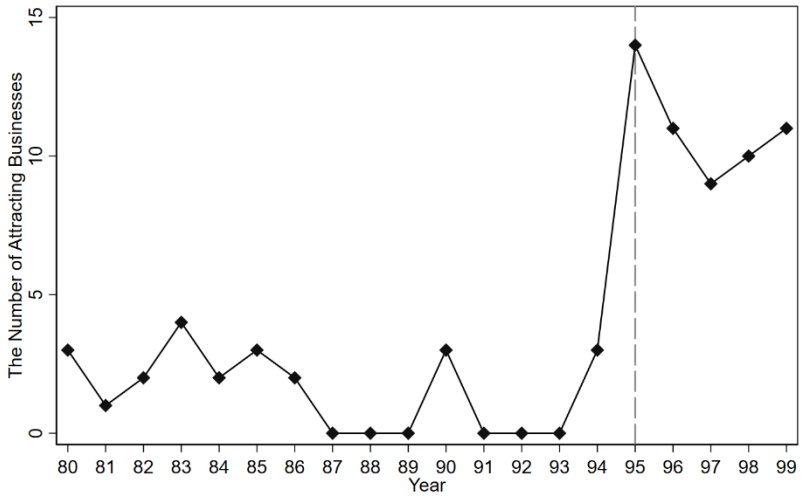


Figure A1: The Number of Records on "*Zhaoshang*" (Attracting Business) 1880–1899

Notes: "*Zhaoshang*" means attracting business. Dots denote the number of records mentioning "*zhaoshang*". The dashed vertical line denotes 1895, when the *Treaty of Shimonoseki* was signed. Data are obtained from the 13-volume collection of the *Veritable Records of the Qing Emperors (Qing Shilu)*.



Figure A2: The Baseline Sample

Notes: Darker regions represent the sample prefectures in our baseline estimates. Data source: CHGIS (2007).

Table A1: Summary Statistics

Variable	Obs.	Mean	SD	Min	Max
Panel A: 1880-1899 Estimations					
Enterprises per capita, IHS	5240	0.018	0.150	0.000	3.091
Capital per capita, IHS	5240	0.086	0.673	0.000	8.517
State Owned Enterprises per capita, IHS	5240	0.004	0.060	0.000	2.637
Foreign Enterprises per capita, IHS	5240	0.004	0.060	0.000	1.409
Heavy industry Enterprises per capita, IHS	5240	0.002	0.050	0.000	2.155
Light industry Enterprises per capita, IHS	5240	0.015	0.141	0.000	3.091
Food industry Enterprises per capita, IHS	5240	0.006	0.089	0.000	2.312
Non-food industry Enterprises per capita, IHS	5240	0.013	0.119	0.000	2.805
Panel B: Cross-sectional Characteristics					
Stock of Enterprises per capita, IHS	262	0.066	0.321	0.000	3.500
Wutong Wealth God Temple	262	0.244	0.430	0.000	1.000
Wutong Wealth God Temple Intensity	262	0.439	0.868	0.000	4.000
All Wutong Wealth God	262	0.424	0.495	0.000	1.000
Distance to Wuyuan	262	7.790	4.455	0.000	19.516
Latitude	262	30.697	4.936	20.008	40.610
Terrain Ruggedness	262	1.873	1.386	0.033	8.011
Precipitation	262	2.891	0.257	1.000	3.330
Temperature	262	14.009	4.409	-0.566	26.773
Coast Indicator	262	0.134	0.341	0.000	1.000
Presence of new style schools (colleges)	262	0.031	0.172	0.000	1.000
Presence of overseas students	262	0.425	0.455	0.000	1.000
Number of primary and middle schools	262	88.096	128.727	1.000	629.000
Distance to provincial capital	262	2.427	1.189	0.313	9.945
Presence of tax collection stations	262	0.853	0.339	0.000	1.000
Transportation importance indicator (*Chong*)	262	0.598	0.482	0.000	1.000
Business importance indicator (*Fan*)	262	0.756	0.422	0.000	1.000
Tax difficulty indicator (*Pi*)	262	0.292	0.448	0.000	1.000
High crime rate indicator (*Nan*)	262	0.652	0.468	0.000	1.000
Urbanization rate in late Qing	262	6.768	4.605	0.000	33.500
Urban population density	262	60.680	104.231	0.366	757.172
Urban population growth indicator	262	0.500	0.501	0.000	1.000
Taoist Temple	262	12.286	10.579	0.000	71.000
Buddhist Temple	262	9.118	8.203	0.000	80.000
Confucian Temple	262	71.012	48.919	0.000	272.000
Presence of Protestant Missionaries Indicator	262	0.397	0.490	0.000	1.000
Presence of Church School	262	0.034	0.182	0.000	1.000
Other Deities	262	14.160	16.406	0.000	97.000
Rice suitability	262	0.043	0.047	0.000	0.294
Wheat suitability	262	0.203	0.112	0.000	0.624
Maize suitability	262	0.286	0.151	0.000	0.648
Soybean suitability	262	0.271	0.136	0.000	0.706
Sorghum suitability	262	0.308	0.213	0.000	0.869
Panel C: Cross-sectional Data 2000-2019					
Enterprises per capita, log	239	9.200	0.549	8.141	10.622
Capital per capita, log	239	15.744	1.907	11.397	28.993
Neighboring Prefecture with Wealth God	239	0.364	0.482	0.000	1.000
Share of Neighboring Prefectures with Wealth God	239	0.094	0.160	0.000	1.000
Trust	176	9.111	0.606	4.525	9.931
Cooperation	176	0.806	0.759	0.030	3.757
Business Partnership Contract Disputes per capita	239	0.556	0.390	0.067	4.605
Contract Disputes per capita	239	5.038	0.603	3.279	8.510

Panel D: Cross-sectional Individual-level Data					
Using extra money to invest in risky opportunities	3996	0.204	0.403	0.000	1.000
Willingness to become an entrepreneur	9740	0.329	0.470	0.000	1.000
Desire to make more money	6388	0.881	0.323	0.000	1.000
Wealth represents individual achievement and success	27537	0.710	0.454	0.000	1.000
Name intensity of the pronunciation of "money"	239	0.005	0.002	0.000	0.010
Name intensity of the pronunciation of "wealth"	239	0.013	0.006	0.000	0.038
Name intensity of the character of "money"	239	0.000090	0.000153	0.000	0.000623
Name intensity of the character of "wealth"	239	0.003	0.003	0.000	0.013
Entrepreneur	9740	0.136	0.342	0.000	1.000
Self-employed	157363	0.307	0.461	0.000	1.000

Table A2: Data Sources and Definitions

Variable	Definition and Source
Panel A: 1880-1899 Panel Data	
Enterprises per capita	The ratio of the number of newly established private enterprises to population, with IHS transformation. Sources: Cao (2001); Du (2014).
Capital per capita	The ratio of aggregate primitive capital of newly established private enterprises to population, with IHS transformation. Sources: Cao (2001); Du (2014).
State Owned Enterprises per capita	The ratio of the number of newly established state-owned and public-private joint enterprises to population, with IHS transformation. Sources: Cao (2001); Du (2014).
Foreign Enterprises per capita	The ratio of the number of newly established foreign enterprises to population, with IHS transformation. Sources: Chang (1987); Cao (2001).
Heavy industry Enterprises per capita	The ratio of the number of newly established private enterprises in heavy industry to population, with IHS transformation. Sources: Cao (2001); Du (2014).
Light industry Enterprises per capita	The ratio of the number of newly established private enterprises in light industry to population, with IHS transformation. Sources: Cao (2001); Du (2014).
Food industry Enterprises per capita	The ratio of the number of newly established private enterprises in food industry to population, with IHS transformation. Sources: Cao (2001); Du (2014).
Non-food industry Enterprises per capita	The ratio of the number of newly established private enterprises in non-food to population, with IHS transformation. Sources: Cao (2001); Du (2014).
Stock of Enterprises per capita	The ratio of the number of newly established private enterprises during the years 1880-1894 (one year prior to the reform) to population, with IHS transformation. Sources: Cao (2001); Du (2014).
Wutong Wealth God Temple	Indicator variable equal to one if the prefecture-level gazetteer (*fu zhou zhi*) mentions Wutong Wealth God temple(s) during the Qing dynasty between 1644-1895, zero otherwise. Sources: Each prefecture's gazetteers.
Wutong Wealth God Temple Intensity	The number of times the prefecture-level gazetteer (*fu zhou zhi*) mentions Wutong Wealth God temples during the Qing dynasty between 1644-1895. Sources: Each prefecture's gazetteers.
All Wutong Wealth God	Indicator variable equal to one if "Wutong Wealth God" was mentioned in gazetteers, zero otherwise. Sources: Each prefecture's gazetteers.
Distance to Wuyuan	A prefecture's administrative center's Euclidean distance from Wuyuan county. Source: CHGIS (2007).
Panel B: Cross-sectional Characteristics	
Latitude	The latitude of each prefecture's administrative center. Source: CHGIS (2007).
Terrain Ruggedness	The logged mean terrain ruggedness index of each prefecture. Source: Global Agro-Ecological Zoning (GAEZ) database (2012).
Precipitation	The average annual precipitation level by prefecture from 1780 to 1879. Precipitation measured at 120 weather stations from year 1470. The precipitation levels were coded into five levels: 1 (extreme drought), 2 (drought), 3(normal), 4 (flood), and 5 (extreme flood). The precipitation levels of each prefecture are assigned based on the measurements of the closest weather stations. Source: The State Meteorological Society (1981).
Temperature	The average temperature in 1901. National Tibetan Plateau Data Center (TPDC) provides 1km-by-1km high resolution temperature data for China

	between 1901 and 2023. We obtain and calculate the prefecture-level temperature data in 1901. Source: TPDC database.
Coast indicator	A dummy variable indicating whether a prefecture was located along the coast. Source: CHGIS (2007).
Presence of new style schools (colleges)	A dummy variable indicating whether there were new-style schools in late-Qing. Source: Wang (2012).
Presence of overseas students	A dummy variable indicating whether there were overseas students sent to Japan in late-Qing. Source: Wang (2012).
Number of primary and middle schools	The number of primary and middle schools. Source: First Educational Statistical Compendium (1900).
Distance to provincial capital	A prefecture's administrative center's Euclidian distance from the provincial capital. Source: CHGIS (2007).
Presence of tax collection stations	A dummy variable indicating whether there are any agencies collecting *lijin* in late-Qing. Source: Luo (1936).
Transportation importance indicator (*Chong*)	A dummy variable indicating whether a prefecture belonged to Chong, as per the Qing government's designations of whether a region belonged to the specialized group of Chong (transportation importance. Source: Liu (1993).
Business importance indicator (*Fan*)	A dummy variable indicating whether a prefecture belonged to Fan, as per the Qing government's designations of whether a region belonged to the specialized group of Fan (business importance). Source: Liu (1993).
Tax difficulty indicator (*Pi*)	A dummy variable indicating whether a prefecture belonged to Pi, as per the Qing government's designations of whether a region belonged to the specialized group of Pi (difficult to collect taxes). Source: Liu (1993).
High crime rate indicator (*Nan*)	A dummy variable indicating whether a prefecture belonged to Nan, as per the Qing government's designations of whether a region belonged to the specialized group of Nan (high crime rate). Source: Liu (1993).
Urbanization rate in late Qing	The ratio of urban population in 1893 to the total population in 1880. Source: Cao (2001); Skinner et al. (2013).
Urban population density	The ratio of urban population in 1893 to administrative area. Source: Cao (2001); Skinner et al. (2013).
Urban population growth indicator	A dummy variable indicating whether urban population in 1910 was larger than urban population in 1893. Source: Cao (2001); Skinner et al. (2013).
Taoist Temple	The number of Taoist temples in late-Qing. Source: Mu and Pan (1842).
Buddhist Temple	The number of Buddhist temples in late-Qing. Source: Mu and Pan (1842).
Confucian Temple	The number of Confucian temples in late-Qing. Source: Mu and Pan (1842).
Presence of Protestant Missionaries Indicator	A dummy variable indicating whether there were Christian missionaries in late-Qing. Source: Stauffer (1922).
Presence of Church School	A dummy variable indicating whether there were church schools in late-Qing. Source: Wang (2012).
Other Deities	Whether the prefecture-level gazetteer (*fu zhou zhi*) mentions other deities temple(s) during the Qing dynasty until 1895. Source: Each prefecture's gazetteers.
Rice suitability	Suitability for rice cultivation under rain-fed water supply and intermediate input. Source: Global Agro-Ecological Zoning (GAEZ) database.
Wheat suitability	Suitability for wheat cultivation under rain-fed water supply and intermediate input. Source: GAEZ database.
Maize suitability	Suitability for maize cultivation under rain-fed water supply and intermediate input. Source: GAEZ database.

Soybean suitability	Suitability for soybean cultivation under rain-fed water supply and intermediate input. Source: GAEZ database.
Sorghum suitability	Suitability for sorghum cultivation under rain-fed water supply and intermediate input. Source: GAEZ database.
Panel C: Contemporary Cross-sectional Data	
Enterprises per capita	The ratio of the number of newly-established private enterprises over 2000 to 2019 to population, with IHS transformation. Sources: Mengzi Ruihong Technology Co. (2022); Prefecture-level Statistical Yearbooks (2000-2019).
Capital per capita	The ratio of aggregate primitive capital of newly established private enterprises to population, with IHS transformation. Sources: Mengzi Ruihong Technology Co. (2022); Prefecture-level Statistical Yearbooks (2000-2019).
Neighboring Prefecture with Wealth God	A dummy variable that indicates whether a prefecture's neighboring prefectures have the Wutong Wealth God culture. Source: CHGIS (2007).
Share of Neighboring Prefectures with Wealth God	The share of the number of a prefecture's neighboring prefectures having the Wutong Wealth God culture to the number of neighboring prefectures. Source: CHGIS (2007).
Trust	In the Didi City Development Index report, the variable Social Trust is used as a proxy to measure a city's culture of trust. This focuses on behavioral integrity and the spirit of the contract in daily interactions. Within the Didi framework, Social Trust is defined by the reliability of promises made between strangers on the platform. To quantify trust, the report tracks two specific behavioral indicators of breaking a promise: (i) Passenger Cancellation Rate after Response: The frequency with which a passenger cancels a ride after a driver has already accepted the call and begun driving toward them. (ii) Driver Cancellation Rate after Response: The frequency with which a driver cancels after accepting a request, leaving the passenger stranded. Source: Xu et al. (2019).
Cooperation	In the Didi City Development Index report, the variable Proportion of Express Pool (Cooperation between Passengers; A service where passengers with similar routes share a car in real-time to split costs.) serves as a vital proxy for measuring a city's Cooperative Culture. This measure calculates the percentage of shared-trip orders relative to the total volume of private ride-hailing orders (which includes non-shared express and premier cars). Source: Xu et al. (2019).
Business Partnership Contract Disputes per capita	Logarithm of the number of business partnership contract disputes per capita from 2014 to present. The data on business partnership contract disputes are obtained from China Judgments Online, the official platform of the Supreme People's Court of China. Source: China Judgements Online.
Contract Disputes per capita	Logarithm of the number of all contract disputes per capita from 2014 to present. The data on contract disputes are obtained from China Judgments Online, the official platform of the Supreme People's Court of China. Source: China Judgements Online.
Panel D: Cross-sectional Individual-level Data	
Willingness to become an entrepreneur	Question E6 CGSS 2005: For you, what type of career do you most desire to pursue? 1= entrepreneur, 0 otherwise. Source: Chinese General Social Survey (2005).
Desire to make more money	Question E1003 CSS 2006: To what extent do some of the following statements and situations correspond to your own? Desire to make more money, 1= agree, 0= disagree. Source: Chinese Social Survey (2006).

Using extra money to invest	Question B610 CGSS 2018: If you have extra money, even with some risk involved, you are likely to invest them in high-return opportunities. 1= agree= 1, 0= disagree. Source: Chinese General Social Survey (2005).
Wealth represents individual achievement and success	Question M703 CFPS 2010: To what extent do you agree with the following statements? Wealth represents individual achievement and success. 1= agree, 0= disagree. Source: Chinese Family Panel Survey (2010).
Name intensity of the pronunciation of "money"	The ratio of the number of individuals' names pronounced as "money" (qian) to all individuals. Source: Census (2005).
Name intensity of the pronunciation of "wealth"	The ratio of the number of individuals' names pronounced as "wealth" (cai) to all individuals. Source: Census (2005).
Name intensity of the character of "money"	The ratio of the number of individuals' names containing the character of "money" (qian) to all individuals. Source: Census (2005).
Name intensity of the character of "wealth"	The ratio of the number of individuals' names containing the character of "wealth" (cai) to all individuals. Source: Census (2005).
Entrepreneur	Question B9f CGSS 2005: Which of the following categories is your affiliation or company or occupation? 1=Enterprises, 0 otherwise. Source: Chinese General Social Survey (2005).
Self-employed	Employment status is self-employment, 1=yes, 0 otherwise. Source: Census (2005).

Appendix B: Additional Historical Analysis 1880-1899

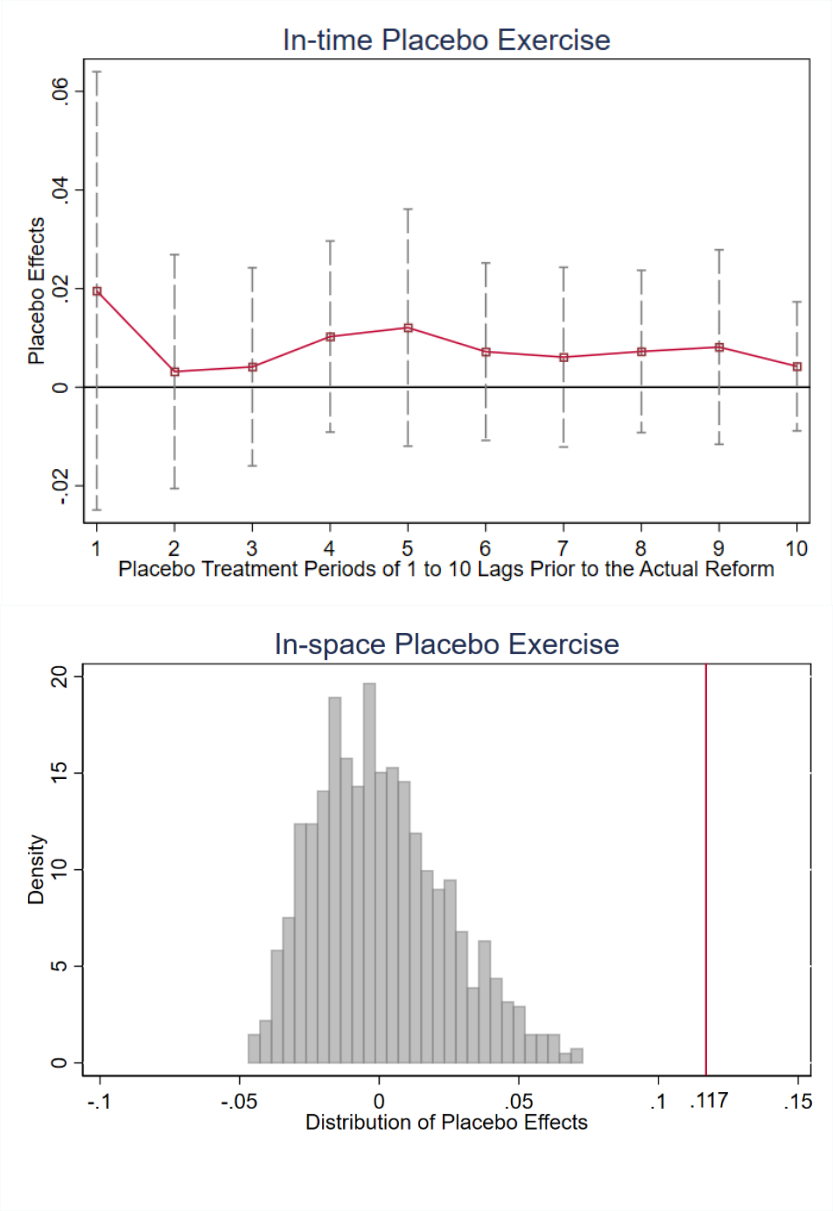


Figure B1: In-time and In-space Placebo Exercises

Notes: The figure reports the result of two placebo exercises. Panel A plots the results of the in-time placebo exercise with placebo treatment times (lag of 1 to 10 periods prior to the actual reform). Panel B plots the results of the in-space placebo exercise: the distribution of the estimates from 1,000 placebo treatments, along with the baseline OLS estimate from Table 3, column (1). Red solid line is the OLS coefficient of 0.117.

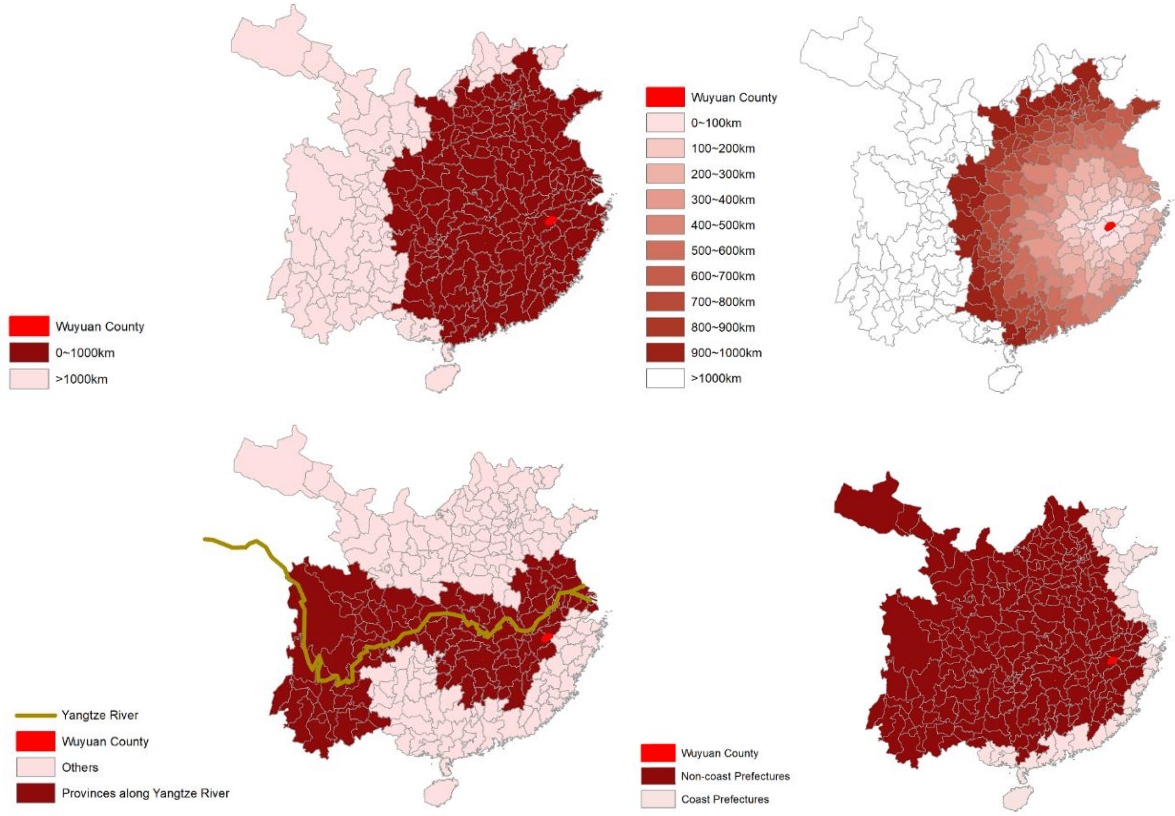


Figure B2: Alternative Samples

Notes: The top left figure shows prefectures with a distance to Wuyuan less than 1,000km. The top right figure shows distances to Wuyuan. The bottom left figure shows prefectures within provinces along the Yangtze River. The bottom right figure shows the sample excluding coastal prefectures.

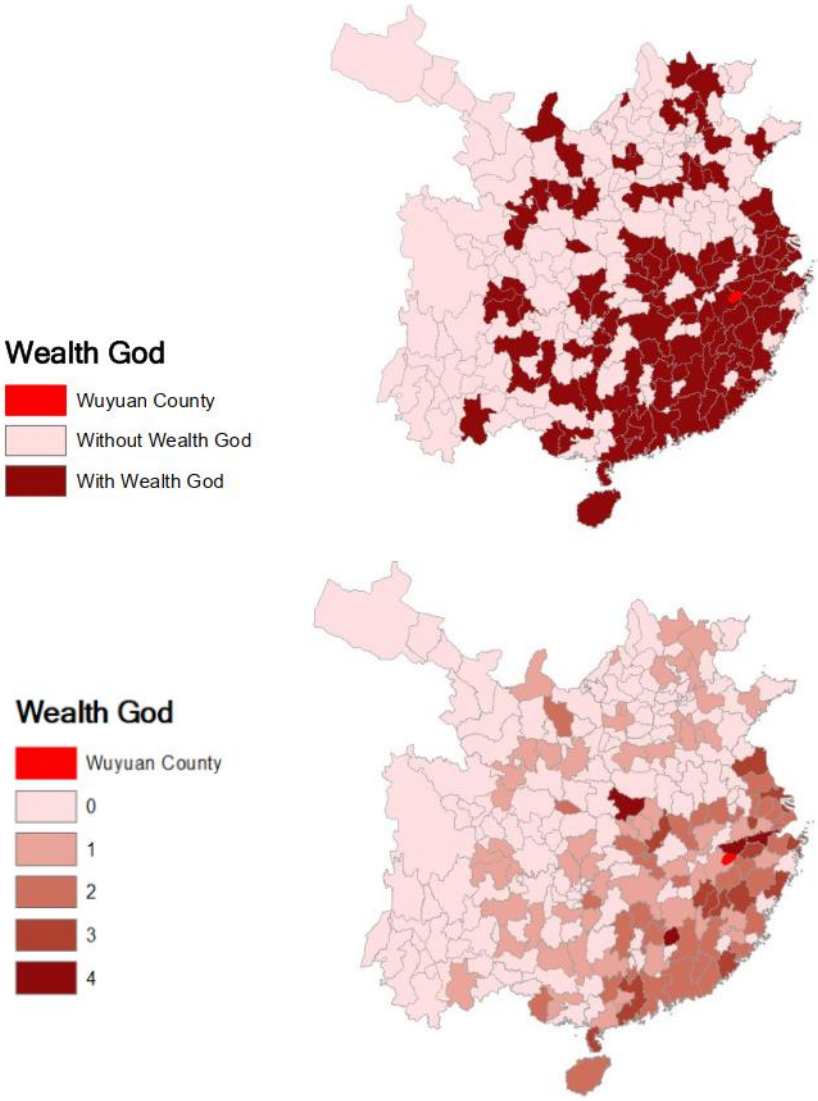


Figure B3: An Alternative Measure of the Wealth God Culture

Notes: If a prefecture gazetteer records any mention of "the Wutong Wealth God", we count the prefecture as having a Wealth God culture. The top figure plots whether a prefecture records the Wealth God in gazetteers during the Qing dynasty (1636~1895); the bottom figure plots the number of records in the gazetteers.

Table B1: Dynamic Effects 1880-1899

	(1)	(2)	(3)	(4)
Dependent variable:	Enterprises per capita	Residuals	Enterprises per capita	Enterprises per capita
Year1880 × **Wealth God** (Instrumented)	-0.0763	-0.268	0	-0.00931
	(0.0551)	(0.367)	(.)	(0.0402)
Year1881 × **Wealth God** (Instrumented)	-0.0666	-0.221	0.00424	-0.00447
	(0.0518)	(0.345)	(0.00784)	(0.0384)
Year1882 × **Wealth God** (Instrumented)	-0.0443	-0.0896	0.0211	0.0131
	(0.0507)	(0.338)	(0.0303)	(0.0429)
Year1883 × **Wealth God** (Instrumented)	-0.0623	-0.226	-0.00233	-0.00970
	(0.0492)	(0.327)	(0.0147)	(0.0378)
Year1884 × **Wealth God** (Instrumented)	-0.0665	-0.272	-0.0120	-0.0187
	(0.0506)	(0.336)	(0.0138)	(0.0386)
Year1885 × **Wealth God** (Instrumented)	-0.0818	-0.390	-0.0327*	-0.0388
	(0.0533)	(0.355)	(0.0192)	(0.0415)
Year1886 × **Wealth God** (Instrumented)	-0.0546	-0.226	-0.0110	-0.0163
	(0.0475)	(0.316)	(0.0261)	(0.0398)
Year1887 × **Wealth God** (Instrumented)	-0.0523	-0.229	-0.0142	-0.0189
	(0.0498)	(0.331)	(0.0270)	(0.0422)
Year1888 × **Wealth God** (Instrumented)	-0.0581	-0.284	-0.0254	-0.0294
	(0.0469)	(0.312)	(0.0276)	(0.0397)
Year1889 × **Wealth God** (Instrumented)	-0.0766	-0.425	-0.0494	-0.0527
	(0.0494)	(0.329)	(0.0310)	(0.0423)
Year1890 × **Wealth God** (Instrumented)	-0.0370	-0.178	-0.0152	-0.0179
	(0.0497)	(0.331)	(0.0409)	(0.0462)
Year1891 × **Wealth God** (Instrumented)	0.0542	0.412	0.0705	0.0685
	(0.0731)	(0.486)	(0.0681)	(0.0746)
Year1892 × **Wealth God** (Instrumented)	-0.0554	-0.335	-0.0445	-0.0459
	(0.0467)	(0.311)	(0.0409)	(0.0444)
Year1893 × **Wealth God** (Instrumented)	-0.0567	-0.360	-0.0513	-0.0519
	(0.0468)	(0.311)	(0.0435)	(0.0454)
Year1895 × **Wealth God** (Instrumented)	0.228*	1.501*	0.223*	0.223*
	(0.129)	(0.859)	(0.130)	(0.129)
Year1896 × **Wealth God** (Instrumented)	0.104	0.659	0.0933	0.0946
	(0.103)	(0.689)	(0.106)	(0.102)
Year1897 × **Wealth God** (Instrumented)	0.284**	1.839**	0.268**	0.270**
	(0.124)	(0.822)	(0.122)	(0.121)
Year1898 × **Wealth God** (Instrumented)	0.193*	1.219	0.172	0.174
	(0.112)	(0.746)	(0.116)	(0.113)
Year1899 × **Wealth God** (Instrumented)	0.287***	1.826**	0.260**	0.263**
	(0.108)	(0.722)	(0.106)	(0.105)
Wealth God Temple × t (Instrumented)			Y	
Stock of enterprises per capita 1894 × t				Y
Geographic Controls × t	Y	Y	Y	Y
Prefecture FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Observations	5240	5240	5240	5240
R-Squared	0.0440	0.0279	0.0552	0.2240

Notes: Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy.

Table B2: Additional Socio-economic Conditions and Geographic Factors

	(1)	(2)	(3)
Dependent variable:	Enterprises per capita		
Post × Wealth God (Instrumented)	0.229***	0.294***	0.255***
	(0.0604)	(0.0818)	(0.0672)
Geographic Controls × t	Y	Y	Y
Socio-economic Controls × t	Y		Y
Suitability Controls × t		Y	Y
Prefecture FE	Y	Y	Y
Year FE	Y	Y	Y
Observations	5240	5240	5240
R-Squared	0.1398	0.0647	0.1405

Notes: IV is *Post × Distance to Wuyuan*. Geographic controls include (variables from Panel A, Table 1): latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Socio-economic controls include (variables from Panel B, Table 1): presence of new-style schools, presence of overseas students, # of primary and middle schools, distance to provincial capital, presence of tax collection stations, transportation importance indicator, business importance indicator, tax difficulty indicator, high crime rate indicator, urbanization rate, urban population density, urban population growth. Suitability controls include: rice suitability, wheat suitability, maize suitability, soybean suitability, sorghum suitability. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B3: State Owned and Foreign Enterprises

	(1)	(2)	(3)
Dependent variable:	Enterprises per capita		
Post × Wealth God (Instrumented)	0.261***	0.263***	0.261***
	(0.0740)	(0.0756)	(0.0740)
State Owned Enterprises per capita	Y		Y
Foreign Enterprises per capita		Y	Y
Geographic Controls × t	Y	Y	Y
Prefecture FE	Y	Y	Y
Year FE	Y	Y	Y
Observations	5240	5240	5240
R-Squared	0.0631	0.0451	0.0526

Notes: IV is *Post × Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B4: Accounting for Other Religions

	(1)	(2)	(3)	(4)	(5)
Dependent variable:	Enterprises per capita				
Post × Wealth God (Instrumented)	0.260***	0.274***	0.262***	0.238***	0.249***
	(0.0738)	(0.0781)	(0.0754)	(0.0709)	(0.0781)
Post × Taoist Temple	Y				
Post × Buddhist Temple		Y			
Post × Confucian Temple			Y		
Post × Presence of Protestant Missionaries				Y	
Post × Presence of Church School					Y
Geographic Controls × t	Y	Y	Y	Y	Y
Prefecture FE	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y
Observations	5240	5240	5240	5240	5240
R-Squared	0.0563	0.0612	0.0549	0.0636	0.0663

Notes: IV is *Post × Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B5: Accounting for Other Less Known Deities

	(1)	(2)
Dependent variable:	Enterprises per capita	
Post × Wealth God	0.111***	
	(0.0384)	
Post × Wealth God (Instrumented)		0.262***
		(0.0760)
Post × Other Deities Indicator	Y	Y
Geographic Controls × t	Y	Y
Prefecture FE	Y	Y
Year FE	Y	Y
Observations	5240	5240
R-Squared	0.0683	0.0553

Notes: IV is *Post × Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B6: Alternative Samples

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable:	Enterprises per capita					
Sample:	<1000km	<900km	<800km	<700km	Along Yangtze river	Excluding coastal prefectures
Post × Wealth God (Instrumented)	0.382***	0.430***	0.500**	0.401***	0.159***	0.243***
	(0.131)	(0.162)	(0.203)	(0.145)	(0.0563)	(0.0848)
Geographic Controls × t	Y	Y	Y	Y	Y	Y
Prefecture FE	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	3640	3160	2640	2240	2240	4540
R-Squared	0.0513	0.0535	0.0529	0.0710	0.0920	0.0595

Notes: IV is *Post × Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Coast dummy is excluded in column (6). Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B7: Alternative Wealth God Measure

	(1)	(2)
Dependent variable:	Enterprises per capita	
Post × All Wealth God	0.227***	
	(0.0691)	
Post × All Wealth God (Instrumented)		0.0947***
		(0.0267)
Geographic Controls × t	Y	Y
Prefecture FE	Y	Y
Year FE	Y	Y
Observations	5240	5240
R-Squared	0.0361	0.0637

Notes: IV is *Post × Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B8: Additional Model Specifications

	(1)	(2)	(3)
Dependent variable:	Residuals	Enterprises per capita	
Post × Wealth God (Instrumented)	1.601***	0.223***	0.221***
	(0.503)	(0.0685)	(0.0627)
Wealth God Temple (Instrumented) × t		Y	
Stock of enterprises per capita × t			Y
Geographic Controls × t	Y	Y	Y
Prefecture FE	Y	Y	Y
Year FE	Y	Y	Y
Observations	5240	5240	5240
R-Squared	0.0271	0.0537	0.2250

Notes: IV is *Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B9: The Global Moran's I

Years	Moran' *I*	P-value
1881	-0.002	0.581
1882	-0.005	0.405
1883	-0.005	0.587
1884	-0.008	0.458
1885	-0.003	0.207
1886	-0.006	0.590
1887	-0.008	0.441
1888	-0.005	0.818
1889	-0.005	0.802
1890	-0.006	0.539
1891	0.006*	0.088
1892	-0.008	0.358
1893	-0.008	0.465
1894	-0.008	0.390
1895	0.005	0.130
1896	0.001	0.408
1897	-0.001	0.679
1898	-0.008	0.437
1899	-0.005	0.835

Notes: The spatial weight matrix is constructed according to the inverse Euclidean distances between two prefectures. There is no meaningful change to the Moran's I if we used the adjacency matrix.

Table B10: Using Conley Standard Errors

	(1)	(2)
Dependent variable:	Enterprises per capita	
Post × Wealth God	0.117	
	(0.0372)***	
	$[0.0386]^{***}_{\text{dist=100km}}$	
	$[0.0300]^{***}_{\text{dist=200km}}$	
	$[0.0306]^{***}_{\text{dist=300km}}$	
Post × Wealth God (Instrumented)		0.263
		(0.0756)***
		$[0.0579]^{***}_{\text{dist=100km}}$
		$[0.0638]^{***}_{\text{dist=200km}}$
		$[0.0626]^{***}_{\text{dist=300km}}$
Geographic Controls × t	Y	Y
Prefecture FE	Y	Y
Year FE	Y	Y
Observations	5240	5240
Centered R-Squared	0.3278	0.2949

Notes: IV is *Post × Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. Conley standard errors (with different distances) are reported in brackets. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively. Dist (=100km, 200km, and 300km) specifies the spatial bandwidth (cutoff distance) used to construct the Conley spatial HAC standard errors. It defines the maximum distance within which two observations are allowed to have correlated error terms. For example, dist=100km denotes that only observations located within 100 km of each other are allowed to have spatially correlated errors.

Table B11: Accounting for Alternative Functional Forms of Time Trends

	(1)	(2)	(3)	(4)
Dependent variable:	Enterprises per capita			
Time trends:	Quadratic	Cubic	Quartic	Post
Post × Wealth God (Instrumented)	0.263***	0.262***	0.266***	0.288***
	(0.0771)	(0.0771)	(0.0782)	(0.0861)
Geographic Controls × t	Y	Y	Y	
Geographic Controls × t^2	Y	Y	Y	
Geographic Controls × t^3		Y	Y	
Geographic Controls × t^4			Y	
Geographic Controls × Post				Y
Prefecture FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Observations	5240	5240	5240	5240
R-Squared	0.0608	0.0628	0.0537	0.0503

Notes: Enterprises per capita are the inverse hyperbolic sine (IHS) function of the number of enterprises per capita. IV is *Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the prefecture level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Appendix C: Additional Contemporary Analysis, Cross Sectional Data

Table C1: Migration-Adjusted Wealth God culture

	(1)	(2)
Dependent variable:	Enterprises per capita	
Migration-adjusted Wealth God	0.267*	
	(0.132)	
Migration-adjusted Wealth God (Instrumented)		0.891**
		(0.424)
Geographic Controls	Y	Y
Province FE	Y	Y
Observations	239	239
R-Squared	0.301	0.216

Notes: Enterprises per capita are the logarithm of the number of new enterprises per capita. IV is *Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the province level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table C2: Accounting for Neighboring Prefectures

	(1)	(2)	(3)	(4)
Dependent variable:	Enterprises per capita			
Wealth God	0.241*		0.231*	
	(0.124)		(0.120)	
Wealth God (Instrumented)		0.786*		0.811*
		(0.416)		(0.419)
Neighboring Prefecture with Wealth God (Indicator)	Y	Y		
Share of Neighboring Prefectures with Wealth God			Y	Y
Geographic Controls	Y	Y	Y	Y
Province FE	Y	Y	Y	Y
Observations	239	239	239	239
R-Squared	0.312	0.240	0.314	0.232

Notes: Enterprises per capita are the logarithm of the number of new enterprises per capita. IV is *Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the province level are in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table C3: Moran's I of Residuals

	Moran's I	E (I)	s.d. (I)	z	p-value
Residuals	0.001	-0.004	0.032	0.165	0.435

Notes: Moran's I is a correlation coefficient that measures the overall spatial autocorrelation.

Table C4: Spatial Simulation

Correlation range	Outperforms	Spatial noise as explanatory variable (Wealth God (instrumented))				Spatial noise as dependent variable (Enterprises per capita, IHS)			
		p=0.05	p=0.01	p=0.001	p=0.0001	p=0.05	p=0.01	p=0.001	p=0.0001
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	0.01	0.01	0.00	0.00	0.00	0.03	0.01	0.00	0.00
2	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00
3	0.00	0.01	0.00	0.00	0.00	0.07	0.02	0.00	0.00
4	0.01	0.01	0.01	0.00	0.00	0.09	0.01	0.00	0.00
5	0.00	0.00	0.00	0.00	0.00	0.05	0.01	0.00	0.00

Notes: All regressions are based on the baseline model in column (5), Table 7. Spatial noise is generated based on Kelly (2019).

Table C5: Accounting for Other Cultural Traits

	(1)	(2)	(3)	(4)
Dependent variable:	Enterprises per capita			
Post × Wealth God	0.438***		0.453***	
	(0.131)		(0.137)	
Post × Wealth God (Instrumented)		1.895**		1.741**
		(0.712)		(0.676)
Other Cultural Traits	Trust	Trust	Cooperation	Cooperation
Geographic Controls	Y	Y	Y	Y
Province FE	Y	Y	Y	Y
Observations	176	176	176	176
R-Squared	0.317	n.a.	0.328	n.a.

Notes: The sample size differs from our baseline sample as the trust and cooperation variables are restricted to major Chinese cities. Enterprises per capita is the logarithm of the number of new enterprises per capita. IV is *Distance to Wuyuan*. Geographic controls include: latitude, terrain ruggedness, precipitation, temperature, and coast dummy. Standard errors clustered at the province level are reported in parentheses. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.